



financial statements penyata kewangan

- 77 Directors' Report
Laporan Pengarah
- 85 Statement by Directors
Penyata oleh Para Pengarah
- 86 Statutory Declaration
Akuan Berkanun
- 87 Report of the Auditors
Laporan Juruaudit kepada Ahli-ahli
- 89 Balance Sheets
Kunci Kira-kira
- 91 Income Statements
Penyata Pendapatan
- 92 Statements of Changes in Equity
Penyata Penukaran Ekuiti
- 95 Statements of Cash Flow
Penyata Aliran Tunai
- 97 Principal Accounting Policies
Polisi Perakaunan Yang Penting
- 108 Notes to the Financial Statements
Nota-nota kepada Penyata Kewangan



directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 January 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and carries out marketing and trading activities for certain of its subsidiaries.

The principal activities of the subsidiaries and associated companies are disclosed in Notes 6 and 7 to the financial statements, respectively. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

The results of the Group and of the Company for the year ended 31 January 2007 are as follows:-

	Group RM'000	Company RM'000
Profit before tax	151,740	79,555
Tax expense	(31,162)	(22,261)
Profit for the year	<u>120,578</u>	<u>57,294</u>
Attributable to:		
Equity holders of the company	106,156	57,294
Minority interests	14,422	-
Profit for the year	<u>120,578</u>	<u>57,294</u>

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

RESERVES AND PROVISIONS

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

SHARE CAPITAL

Employees' Share Option Scheme

The main features of the Company's Employees' Share Option Scheme ("ESOS") are outlined below:-

- (a) The maximum amount of ordinary shares of RM1.00 each in the Company which may be subscribed on the exercise of the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the existence of the ESOS.
- (b) Eligible employees of the Group and full time executive directors of the Company with at least one year service shall be eligible to participate in the ESOS.
- (c) The maximum allowable allotment that may be offered to each eligible employee or full time executive director under the ESOS ranges from 4,000 to 500,000 ordinary shares.
- (d) The option price shall be the average of the mean market quotation of the shares as quoted and shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date of the offer, or the par value of the shares of the Company, whichever is higher.



directors' report

SHARE CAPITAL (continued)

- (e) An option can only be exercised during the option period starting from the second anniversary of the commencement of the Scheme and expiring at the end of the term of the Scheme or for such shorter period as may be specifically stated in the offer. The Scheme commenced on 13 September 1997 and originally had a term of five years. On 18 October 2001, the Company obtained approval from the relevant authorities to extend the term of the Scheme by another five years to 12 September 2007.

Pursuant to the Scheme, options to subscribe for 7,344,000 ordinary shares of RM1.00 each in the Company had been granted as of 31 January 2007. Options granted to subscribe for 4,395,000 ordinary shares of RM1.00 each remained unexercised as of 31 January 2007.

Issue of shares during the year upon exercise of options

During the year, 100,000 ordinary shares of RM1.00 each were issued at RM2.04 per share for cash, upon the exercise of options granted pursuant to the Scheme. The aggregate premium of RM104,000 arising was credited to the share premium account.

Share repurchase

The shareholders of the Company granted authority to the directors at the Extraordinary General Meeting held on 26 July 2006 to further repurchase the Company's shares from the open market. During the financial year, the Company repurchased a further 200 of its issued ordinary shares from the open market for a total cost of RM448. The repurchase was financed from the Company's internal funds. The average cost paid for the additional shares repurchased during the year was RM2.24 per share. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. During the financial year, the Company also cancelled 100,000 of its previously repurchased shares.

Movement of Shares Repurchased

	Number of shares	RM	Average cost per share RM
As of 1 February 2005	32,584,100	71,362,688	2.19
Repurchased shares cancelled during the year	(2,000)	(4,380)	2.19 *
Repurchased during the year	1,222,300	2,664,423	2.18
As of 31 January 2006	33,804,400	74,022,731	2.19
Repurchased shares cancelled during the year	(100,000)	(218,970)	2.19 *
Repurchased during the year	200	448	2.24
As of 31 January 2007	33,704,600	73,804,209	2.19

* At the applicable average cost at the date of cancellation

The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan would be applied in the best interests of the Company and its shareholders.

As of 28 March 2007, the issued and paid up capital comprises 622,660,000 ordinary shares of RM1.00 each, of which 33,704,600 ordinary shares are held as treasury shares.

SIGNIFICANT EVENTS DURING THE YEAR

- (i) On 31 July 2006, the Company acquired from its wholly-owned subsidiary, Si Khiong Industries Sdn Bhd (*formerly known as Hap Seng Auto Sdn Bhd*) (*formerly known as Si Khiong Industries Sdn Bhd*), 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hap Seng Management Services Sdn Bhd (*formerly known as Saruja Sendirian Berhad*) for a cash consideration of RM851,037.
- (ii) On 23 February 2006, Malaysian Mosaics Berhad ["MMB"] entered into a conditional Shares Sale Agreement with its holding company, Gek Poh (Holdings) Sdn Bhd ["Gek Poh"], for the divestment of its entire shareholding in the Company comprising 312,016,000 ordinary shares of RM1.00 each ["HSCB Divestment Shares"] representing 52.99% of the issued and paid-up share capital of the Company to Gek Poh for a cash consideration of RM686,435,200 representing RM2.20 per HSCB Divestment Share ["said Divestment"].

On 11 August 2006, CIMB Investment Bank Berhad (*formerly known as Commerce International Merchant Bankers Berhad*) ["CIMB"] announced on behalf of MMB the completion of the said Divestment. With the said completion, HSCB ceased to be a 52.99% listed subsidiary of MMB on even date.

Concurrent with the said Divestment, the Board of Directors of the Company had on 27 July 2006 announced that it had on even date received a Notice of Unconditional Mandatory General Offer ["Notice"] from CIMB on behalf of Gek Poh to acquire the following:-

- (a) the remaining ordinary shares of RM1.00 each in the Company; and
- (b) such number of new ordinary shares of the Company that may be issued pursuant to the exercise of any outstanding options granted under the Company's Employees' Share Option Scheme,

which are not already held by Gek Poh, at an offer price of RM2.20 per ordinary share to be satisfied in full by cash ["Offer"].

The Board also announced on even date that it was not seeking any alternative person to make a take-over offer for the Offer shares.

On the closing date of the Offer, the Company announced that the acceptance of Offer constituted 1.85% of the issued and paid-up share capital comprising 10,959,886 ordinary shares of RM1.00 each in the Company.

- (iii) On 30 August 2006, the Company acquired from its wholly-owned subsidiary, Euro-Asia Food & Beverage (Bermuda) Limited, the entire issued and paid-up share capital of Euro-Asia Brand Holding Company Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.
- (iv) On 30 August 2006, Euro-Asia Food & Beverage (Bermuda) Limited disposed of its entire shareholding in Euro-Asia (South) BVI Investment Limited for a cash consideration of RM1.00.
- (v) On 14 December 2006, the Company acquired from its wholly-owned subsidiary, Si Khiong Industries Sdn Bhd (*formerly known as Hap Seng Auto Sdn Bhd*) (*formerly known as Si Khiong Industries Sdn Bhd*), the entire issued and paid-up share capital of Rebuild Truck Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.
- (vi) On 30 January 2007, Euro-Asia Food & Beverage (Bermuda) Limited, the wholly-owned subsidiary of the Company was placed under member's voluntary liquidation. The said liquidation is pending completion.



directors' report

DIVIDENDS

During the financial year, the following dividends were paid by the Company:-

In respect of the financial year ended 31 January 2006:-

- (i) A final dividend of 3.5 sen per share, less tax amounting to RM14,839,158.

In respect of the current financial year:-

- (i) An interim dividend of 3.5 sen per share, less tax amounting to RM15,047,813.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2007, of 3.5 sen per share, less tax amounting to a dividend payable of RM15,253,945 based on the paid-up share capital net of treasury shares as at 31 January 2007 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 January 2008.

No dividend is payable in respect of shares repurchased which were either held as treasury shares or cancelled. However, shares issued up to the entitlement date pursuant to options exercised are entitled to the dividends.

LITIGATION MATTER

As disclosed in the Directors' Report of the previous year, the Company had on 24 October 2002, been served with a Writ of Summons ("said Writ") in the High Court in Sabah and Sarawak at Kota Kinabalu ("Tongod Suit"), wherein the Company was named as the first defendant, Asiatic Development Berhad as the second defendant, Tanjung Bahagia Sdn Bhd as the third defendant, Director of Department of Lands and Surveys, Sabah as the fourth defendant and the Government of the State of Sabah as the fifth defendant. The Tongod Suit was instituted by certain natives of Sabah claiming Native Customary Rights over all that parcel of land held under Title No. CL095330724 situated in Sungai Tongod, District of Kinabatangan, Sandakan ("the Tongod Land") or part thereof. The Company had on 9 May 2002 completed its disposal of the Tongod Land to Tanjung Bahagia Sdn Bhd, the wholly-owned subsidiary of Asiatic Development Berhad.

The Company filed its Statement of Defence and an application to strike out the said Writ on 11 February 2003 ("Striking Out Application").

As announced on 13 June 2003, the learned Deputy Registrar dismissed the Company's Striking Out Application with costs. The Company is appealing against the decision and the Court had adjourned its original hearing date of 15 April 2005 on the same to another date to be fixed.

The Plaintiff had earlier filed an application for injunction restraining the second and third defendants from carrying out, inter alia, planting activities on the Tongod Land or part thereof. During the hearing held on 5 July 2004 on the injunction application, the defendants had raised a preliminary objection to the Court's jurisdiction to determine Native Customary Rights. The Court has yet to fix a new date for decision on the said preliminary objection.

The Company's Solicitors are of the opinion that the Plaintiffs' claim to Native Customary Rights against the alienated land after the issuance of the title is unlikely to succeed.

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:-

Dato' Jorgen Bornhoft	
Datuk Henry Chin Poy-Wu	
Edward Lee Ming Foo, JP	
Lee Wee Yong	
Soon Seong Keat	(Appointed on 1.2.2007)
Datuk Simon Shim Kong Yip, PJN, JP	
Lt. Gen. (R) Datuk Abdul Aziz bin Hasan	
Lau Teong Jin	
Sim Siew Meng	(Alternate to Lee Wee Yong)
Quan Sheet Mei	(Appointed as Alternate Director to Soon Seong Keat on 1.2.2007)
David Park, AMN	(Resigned on 31.1.2007)
Tuan Haji Nik Ariff bin Nik Hassan	(Resigned on 31.1.2007)
Tan Ghee Kiat	(Resigned on 31.1.2007)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive any benefits other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 25 to the financial statements by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than as shown in Note 36 to the financial statements.

directors' report

DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations of those who were directors at year end as recorded in the Register of Directors' Shareholdings, are as follows:-

	Number of ordinary shares of RM1.00 each			
	As at 1.2.2006	Bought	Sold	As at 31.1.2007
Direct Interest				
Hap Seng Consolidated Berhad				
Dato' Jorgen Bornhoft	40,000	–	–	40,000

	Number of ordinary shares of RM1.00 each				
	As at 1.2.2006	Bought	Bonus issue	Capital repayment	As at 31.1.2007
Malaysian Mosaics Berhad ("MMB"), a related corporation					
Dato' Jorgen Bornhoft	–	50,000	40,000	(81,000)	9,000 (i)
Tuan Haji Nik Ariff bin Nik Hassan *	399,000	–	319,200	(646,380)	71,820 (ii)

* Resigned on 31.1.2007

(i) Number of ordinary shares held by Dato' Jorgen Bornhoft in MMB increased from 50,000 to 90,000 as a result of bonus issue on 31 October 2006 and thereafter decreased to 9,000 after the capital repayment and consolidation, which was completed on 10 November 2006.

(ii) Number of ordinary shares held by Tuan Haji Nik Ariff bin Nik Hassan in MMB increased from 399,000 to 718,200 as a result of bonus issue on 31 October 2006 and thereafter decreased to 71,820 after the capital repayment and consolidation, which was completed on 10 November 2006.

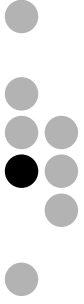
None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

HOLDING COMPANY

The directors regard Gek Poh (Holdings) Sdn Bhd, a company incorporated in Malaysia as the holding company.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company and of the Group were made out, the directors took reasonable steps:-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:-
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company and of the Group inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Company and of the Group misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Company and of the Group 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 Company and of the Group which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:-
- (i) any charge on the assets of the Company or of the Group 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 Company or of the Group 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 Company or of the Group to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.



directors' report

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 March 2007.

EDWARD LEE MING FOO, JP

LEE WEE YONG



statement by directors

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

We, **EDWARD LEE MING FOO, JP** and **LEE WEE YONG**, being two of the directors of **HAP SENG CONSOLIDATED BERHAD**, do hereby state that, in the opinion of the directors, the financial statements set out on pages 89 to 159 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Company and of the Group as at 31 January 2007 and of the results and the cash flows of the Company and of the Group for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 March 2007.

EDWARD LEE MING FOO, JP

LEE WEE YONG



statutory declaration

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

I, **SOON SEONG KEAT**, being the director primarily responsible for the financial management of **HAP SENG CONSOLIDATED BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 89 to 159 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovementioned **SOON SEONG KEAT** at Kuala Lumpur in the Federal Territory on 28 March 2007



SOON SEONG KEAT

Before me,



No. 50, Jalan Hang Lekiu,
50100 Kuala Lumpur.



report of the auditors to the members of Hap Seng Consolidated Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 89 to 159. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the financial position of the Company and of the Group as at 31 January 2007 and of the results and the cash flows of the Company and of the Group for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 6 to the financial statements, being financial statements that have been included in the consolidated financial statements.

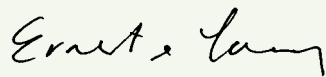


report of the auditors to the members

of Hap Seng Consolidated Berhad (Incorporated in Malaysia)

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements 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

Kuala Lumpur, Malaysia
28 March 2007



LEE SENG HUAT
No. 2518/12/07(J)
Partner

balance sheets

As At 31 January 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000 (Restated)
Non-current assets					
Property, plant and equipment	3	531,096	468,304	3,077	5,093
Biological assets	4	362,586	362,503	–	–
Investment properties	5	301,136	302,595	–	–
Subsidiaries	6	–	–	682,121	681,270
Associated companies	7	73,725	73,174	75,087	75,087
Other investments	8	23,089	23,154	19,473	19,538
Land held for property development	9	305,364	305,988	–	–
Goodwill on consolidation	10	31	(14,019)	–	–
Long term receivables	11	496,408	362,590	–	–
Deferred tax assets	19	6,637	3,379	–	–
		<u>2,100,072</u>	<u>1,887,668</u>	<u>779,758</u>	<u>780,988</u>
Current assets					
Inventories	12	470,633	410,362	–	–
Property development costs	13	154,397	106,334	–	–
Trade and other receivables	14	544,679	387,907	1,012,142	967,301
Tax recoverable		23,327	19,044	18,722	13,692
Deposits with licensed banks	15	8,799	7,660	–	7,000
Cash in hand and at banks	15	48,018	36,155	925	1,325
		<u>1,249,853</u>	<u>967,462</u>	<u>1,031,789</u>	<u>989,318</u>
Total Assets		<u>3,349,925</u>	<u>2,855,130</u>	<u>1,811,547</u>	<u>1,770,306</u>
Equity attributable to equity holders of the Company					
Share capital	20	622,660	622,660	622,660	622,660
Reserves	21	979,207	891,917	663,901	636,509
		<u>1,601,867</u>	<u>1,514,577</u>	<u>1,286,561</u>	<u>1,259,169</u>
Less: Treasury shares	20	73,804	74,023	73,804	74,023
		<u>1,528,063</u>	<u>1,440,554</u>	<u>1,212,757</u>	<u>1,185,146</u>
Minority interests		163,887	153,351	–	–
Total Equity		<u>1,691,950</u>	<u>1,593,905</u>	<u>1,212,757</u>	<u>1,185,146</u>

balance sheets

As At 31 January 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000 (Restated)
Non-current liabilities					
Bank borrowings	18	337,950	419,950	120,000	150,000
Deferred tax liabilities	19	161,573	170,594	589	–
Lease and hire purchase deposits received		4,080	1,966	–	–
		<u>503,603</u>	<u>592,510</u>	<u>120,589</u>	<u>150,000</u>
Current liabilities					
Trade and other payables	16	186,192	180,830	448,201	435,160
Provisions	17	4,466	5,736	–	–
Tax payable		8,263	3,923	–	–
Bank borrowings	18	955,451	478,226	30,000	–
		<u>1,154,372</u>	<u>668,715</u>	<u>478,201</u>	<u>435,160</u>
Total Liabilities		<u>1,657,975</u>	<u>1,261,225</u>	<u>598,790</u>	<u>585,160</u>
Total Equity and Liabilities		<u>3,349,925</u>	<u>2,855,130</u>	<u>1,811,547</u>	<u>1,770,306</u>

The accounting policies set out on pages 97 to 107 and the notes on pages 108 to 159 form an integral part of these financial statements.

income statements

For The Year Ended 31 January 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000
Revenue	22	1,730,835	1,459,458	103,013	108,349
Cost of sales		(1,384,347)	(1,142,827)	–	–
Gross profit		346,488	316,631	103,013	108,349
Other operating income		27,440	10,835	10,256	9,325
Distribution costs		(70,986)	(69,083)	–	–
Administrative expenses		(89,105)	(73,798)	(15,061)	(17,529)
Other operating expenses		(10,811)	(9,612)	(1,273)	(1,232)
Operating profit	23	203,026	174,973	96,935	98,913
Finance costs	26	(52,214)	(35,704)	(17,380)	(15,103)
Other non-operating items	27	–	273	–	1,476
Share of results of associated companies		928	289	–	–
Profit before tax		151,740	139,831	79,555	85,286
Tax expense	28	(31,162)	(39,029)	(22,261)	(19,711)
Profit for the year		120,578	100,802	57,294	65,575
Attributable to:					
Equity holders of the Company		106,156	87,147	57,294	65,575
Minority interests		14,422	13,655	–	–
Profit for the year		120,578	100,802	57,294	65,575
Basic earnings per share (sen)	29	18.03	14.78		
Fully diluted earnings per share (sen)	29	18.03	14.78		

The accounting policies set out on pages 97 to 107 and the notes on pages 108 to 159 form an integral part of these financial statements.

statements of changes in equity

For The Year Ended 31 January 2007

		← Attributable to Equity Holders of the Company →											
		Capital reserve in respect of			Foreign exchange			Revalua- tion		Capital redemp- tion			
		Share capital	Share premium	associated company	reserve	reserve	reserve	Retained profits	Treasury shares	Total	Minority interests	Total Equity	
GROUP	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 February 2005		622,660	-	641	9,236	36,564	2,847	786,784	(71,363)	1,387,369	143,553	1,530,922	
Prior year adjustments	39	-	-	-	-	-	-	(1,263)	-	(1,263)	-	(1,263)	
Restated balance		622,660	-	641	9,236	36,564	2,847	785,521	(71,363)	1,386,106	143,553	1,529,659	
Translation differences*		-	-	-	(327)	-	-	-	-	(327)	-	(327)	
Profit for the year		-	-	-	-	-	-	88,526	-	88,526	13,655	102,181	
Prior year adjustments	39	-	-	-	-	-	-	(1,379)	-	(1,379)	-	(1,379)	
Restated balance		-	-	-	-	-	-	87,147	-	87,147	13,655	100,802	
Total recognised income and expense for the year		-	-	-	(327)	-	-	87,147	-	86,820	13,655	100,475	
Exercise of ESOS		2	3	-	-	-	-	-	-	5	-	5	
Cancellation of treasury shares		(2)	(3)	-	-	-	2	(2)	5	-	-	-	
Purchase of treasury shares		-	-	-	-	-	-	(2,665)	(2,665)	-	-	(2,665)	
Dividends	30	-	-	-	-	-	-	(29,712)	-	(29,712)	(3,857)	(33,569)	
At 31 January 2006		622,660	-	641	8,909	36,564	2,849	842,954	(74,023)	1,440,554	153,351	1,593,905	

* Represent net expense recognised directly in equity

statements of changes in equity

For The Year Ended 31 January 2007

← Attributable to Equity Holders of the Company →												
GROUP	Note	Share capital RM'000	Share premium RM'000	Capital reserve in respect of company RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	Capital redemption reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000	Minority interests RM'000	Total Equity RM'000
Prior year adjustments	39	-	-	-	-	-	-	(2,642)	-	(2,642)	-	(2,642)
Restated balance		622,660	-	641	8,909	36,564	2,849	842,954	(74,023)	1,440,554	153,351	1,593,905
Effects of adopting	2											
- FRS 3		-	-	-	-	-	-	14,050	-	14,050	-	14,050
- FRS 140		-	-	-	-	-	-	(123)	-	(123)	-	(123)
		622,660	-	641	8,909	36,564	2,849	856,881	(74,023)	1,454,481	153,351	1,607,832
Translation differences*		-	-	-	(2,891)	-	-	-	-	(2,891)	-	(2,891)
Profit for the year		-	-	-	-	-	-	106,156	-	106,156	14,422	120,578
Total recognised income and expense for the year		-	-	-	(2,891)	-	-	106,156	-	103,265	14,422	117,687
Realisation upon disposal		-	-	-	(6,358)	-	-	6,358	-	-	-	-
Exercise of ESOS		100	104	-	-	-	-	-	-	204	-	204
Cancellation of treasury shares		(100)	(104)	-	-	-	100	(115)	219	-	-	-
Dividends	30	-	-	-	-	-	-	(29,887)	-	(29,887)	(3,886)	(33,773)
At 31 January 2007		622,660	-	641	(340)	36,564	2,949	939,393	(73,804)	1,528,063	163,887	1,691,950

* Represent net expense recognised directly in equity

The accounting policies set out on pages 97 to 107 and the notes on pages 108 to 159 form an integral part of these financial statements.

statements of changes in equity

For The Year Ended 31 January 2007

COMPANY	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Capital redemption reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000
At 1 February 2005		622,660	–	440,314	2,847	596,810	(71,363)	1,591,268
Prior year adjustments	39	–	–	(440,314)	–	989	–	(439,325)
Restated balance		622,660	–	–	2,847	597,799	(71,363)	1,151,943
Deficit arising from revaluation of subsidiaries		–	–	(2,540)	–	–	–	(2,540)
Prior year adjustments	39	–	–	2,540	–	–	–	2,540
Restated balance		–	–	–	–	–	–	–
Exercise of ESOS		2	3	–	–	–	–	5
Cancellation of treasury shares		(2)	(3)	–	2	(2)	5	–
Purchase of treasury shares		–	–	–	–	–	(2,665)	(2,665)
Profit for the year, representing total recognised income and expense for the year		–	–	–	–	65,575	–	65,575
Dividends	30	–	–	–	–	(29,712)	–	(29,712)
At 31 January 2006		622,660	–	–	2,849	633,660	(74,023)	1,185,146
At 1 February 2006		622,660	–	437,774	2,849	632,671	(74,023)	1,621,931
Prior year adjustments	39	–	–	(437,774)	–	989	–	(436,785)
Restated balance		622,660	–	–	2,849	633,660	(74,023)	1,185,146
Exercise of ESOS		100	104	–	–	–	–	204
Cancellation of treasury shares		(100)	(104)	–	100	(115)	219	–
Profit for the year, representing total recognised income and expense for the year		–	–	–	–	57,294	–	57,294
Dividends	30	–	–	–	–	(29,887)	–	(29,887)
At 31 January 2007		622,660	–	–	2,949	660,952	(73,804)	1,212,757

The accounting policies set out on pages 97 to 107 and the notes on pages 108 to 159 form an integral part of these financial statements.

statements of cash flow

For The Year Ended 31 January 2007


	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from operating activities				
Profit before tax	151,740	139,831	79,555	85,286
Adjustments for:-				
Depreciation of property, plant and equipment	32,011	27,137	1,273	1,232
Amortisation of goodwill and negative goodwill	–	(111)	–	–
Impairment loss on goodwill	–	750	–	–
Property, plant and equipment written off	503	405	–	–
Impairment loss on property, plant and equipment	–	649	–	–
Impairment loss on investment in an associated company	–	5,273	–	4,070
Impairment loss on other investment	65	–	65	–
Reversal of provision for closure costs	–	(5,546)	–	(5,546)
Reversal of retirement benefits	–	(19)	–	(19)
Interest expense	52,214	35,704	17,380	15,103
Interest income	(1,905)	(850)	(9,875)	(8,548)
Dividend income	(398)	(329)	(99,671)	(105,012)
Share of results of associated companies	(928)	(289)	–	–
Gain on disposal of property, plant and equipment	(3,789)	(978)	(118)	(251)
Gain on disposal of investment properties	–	(91)	–	–
Gain on disposal of shares in other investments	(10)	–	(10)	–
Operating profit/(loss) before working capital changes	229,503	201,536	(11,401)	(13,685)
Working capital changes:-				
Inventories	(61,993)	(7,045)	–	–
Property development costs	(4,124)	(2,800)	–	–
Receivables	(292,150)	(161,834)	(44,841)	(25,354)
Payables	8,215	48,583	13,041	11,199
Cash (used in)/generated from operations	(120,549)	78,440	(43,201)	(27,840)
Income tax paid	(46,708)	(62,237)	–	–
Income tax refunded	84	2,562	–	2,562
Interest paid	(52,214)	(35,704)	(17,380)	(15,103)
Interest received	1,905	850	9,875	8,548
Land held for property development	(43,315)	(61,049)	–	–
Net cash used in operating activities	(260,797)	(77,138)	(50,706)	(31,833)

statements of cash flow

For The Year Ended 31 January 2007

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	8,497	4,924	2,623	708
Proceeds from disposal of investment properties	–	2,079	–	–
Proceeds from disposal of other investments	10	–	10	–
Dividends received from subsidiaries	–	–	72,194	74,054
Dividends received from other investments	398	329	398	329
Dividends received from associated companies	377	2,586	377	2,586
Purchase of property, plant and equipment	(89,548)	(59,254)	(1,762)	(4,943)
Additions to biological assets	(83)	(111)	–	–
Purchase of investment properties	(7,050)	(19,614)	–	–
Acquisition of subsidiaries	–	–	(851)	–
Acquisition of additional shares in a subsidiary	–	–	–	(1,750)
Net cash (used in)/generated from investing activities	(87,399)	(69,061)	72,989	70,984
Cash flows from financing activities				
Dividends paid	(29,887)	(29,712)	(29,887)	(29,712)
Dividends paid to minority shareholders	(3,886)	(3,857)	–	–
Shares repurchased at cost	–	(2,665)	–	(2,665)
Drawdown from bank borrowings	363,702	221,427	–	–
Issue of shares pursuant to ESOS exercised	204	5	204	5
Net cash generated from/(used in) financing activities	330,133	185,198	(29,683)	(32,372)
Net (decrease)/increase in cash and cash equivalents	(18,063)	38,999	(7,400)	6,779
Effects on exchange rate changes	(458)	(146)	–	–
Cash and cash equivalents as at beginning of the year	36,738	(2,115)	8,325	1,546
Cash and cash equivalents as at end of year	18,217	36,738	925	8,325
	(Note 15)			

The accounting policies set out on pages 97 to 107 and the notes on pages 108 to 159 form an integral part of these financial statements.



principal accounting policies

The principal accounting policies of the Group are summarised below:-

(a) Basis of Preparation of Financial Statements

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except for investment properties that have been measured at their fair values.

The financial statement of the Group and of the Company comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

The financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as disclosed in Note 2.

(b) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation


The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.



principal accounting policies

(c) Associated Companies

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's balance sheet, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(d) Other Investments

Other investments held on a long-term basis are stated at cost less impairment losses, if any. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

principal accounting policies

(e) Property, Plant and Equipment, and Depreciation

(i) Assets

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of property, plant and equipment comprises their purchase price and any directly attributable costs including interest costs capitalised in bringing the property, plant and equipment to working condition. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Freehold land and asset under construction are not depreciated. Leasehold land is amortised over the period of the respective leases which range from 56 to 999 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives. The estimated useful lives are:-

Buildings	10 to 60 years
Road and infrastructure	25 to 83 years
Plant and equipment	
- Plant and machinery	4 to 20 years
- Office equipment, furniture, fixtures and fittings	3 to 10 years
- Motor vehicles	4 to 7 years

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.


(ii) Disposal of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(f) Biological Assets

Biological assets comprise new planting expenditure incurred from land clearing to the point of harvesting. Expenditures incurred after maturity of crops are charged to the income statement. Estate overheads are apportioned to revenue and plantation development expenditure on the basis of proportion of mature and immature areas.

No amortisation is considered necessary for plantation development expenditure as the estate is maintained through replanting programmes and replanting expenditure is charged to the income statement during the year when it is incurred.



principal accounting policies

(g) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties. In the absence of current prices in an active market, alternative methods such as recent prices on a less active market or discounted cash flow projections are used. These valuations are reviewed or performed by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in the fair values of investment properties are recognised in income statement in the year in which they arise.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon disposal of the investment property, any surplus previously recorded in equity is transferred to retained profits, the transfer is not made through the income statement.

When an item of inventory or property development is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in the income statement.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in income statement in the year in which they arise.

(h) Land Held for Property Development

Land held for property development comprising freehold and long term leasehold land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and is expected to be completed within the Group's normal operating cycle.

Land held for property development comprise cost associated with the acquisition of land and all cost incurred subsequent to the acquisition but prior to the transfer to property development costs on activities necessary to prepare the land for its intended use.

principal accounting policies

(h) Land Held for Property Development *(continued)*

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS201₂₀₀₄.

(i) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is shown as accrued billings under accounts receivable and the excess of billings to purchasers over revenue recognised in the income statement is shown as progress billings under accounts payable.

(j) Leases

Operating leases are leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item. Operating lease expenses are recognised in the income statement as incurred over the period of the respective leases, which is normally on a straight-line basis.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally as follows:-

Properties held for sale	- specific identification method
Quarry reserves	- specific identification method
Raw materials	- weighted average cost method
Produce inventories	- weighted average cost method
Work-in-progress	- weighted average cost method
Finished goods	
- vehicle and equipment	- specific identification method
- others	- weighted average cost method


Properties held for sale include costs of land, construction and appropriate development overheads.

Quarry reserves arising from the acquisition of subsidiaries are amortised over the lease extraction of 20 years.

Cost of produce inventories includes estate production costs, processing and transport charges.

Costs of work-in-progress and finished goods produced by the Group include costs of direct materials, labour and a proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sales, and provisions for obsolete and slow moving items, where applicable.



principal accounting policies

(l) Provisions for Liabilities

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

(m) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

All exchange rate differences are taken to the income statement.

(ii) Foreign entities

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.



principal accounting policies

(n) Income Tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. A change in deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(o) Employees Benefits

(i) Short term benefits

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

(ii) Defined contribution plans


Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group and the Company make such contributions to the Employees Provident Fund ("EPF") as required by Malaysian law. Such contributions are recognised as an expense in the profit or loss as incurred.

(iii) Share-based compensation

The Company's Employees' Share Option Scheme ("the Scheme") allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised on all share options which were granted and fully vested prior to 1 January 2006. When the options are exercised, the proceeds received net of any transaction cost, are credited to share capital and share premium.

(p) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits with licensed financial institutions, net of outstanding bank overdrafts.



principal accounting policies

(q) Revenue Recognition

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

(i) Dividend income

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

(ii) Interest income

Interest income is recognised on an accrual basis.

(iii) Goods sold

Revenue on sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

(iv) Rental income

Rental income is derived from letting out of properties and recognised as it accrues.

(v) Hire purchase, finance lease and loan receivables

Income on hire purchase and finance leases is recognised using the “sum-of-digit” method. Interest income on term loan is accounted for on an accrual basis by reference to rest periods as stipulated in the loan agreements, which are either daily or monthly. Where the repayment of an account is in arrears for six months or more, the uncollected interest from that account is suspended until it is realised on a cash basis.

(vi) Property development


Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the income statement.

(vii) Completed properties held for resale

Revenue from sale of completed properties held for resale is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.



principal accounting policies

(r) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets (other than investment properties, deferred tax assets, inventories, property development costs and financial assets, which are reviewed pursuant to the relevant accounting policies) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(s) Financial Instruments

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

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


(i) Non-Current Investments

Non-current investments are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note (r).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Marketable Securities

All marketable securities of the Group are held as long term investments.



principal accounting policies

(s) Financial Instruments (continued)

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date. Specific allowance for doubtful debts is based on an individual evaluation of receivables or group of receivables, and the underlying market value of leased and hire purchase assets.

(iv) Payables

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

(v) Interest-Bearing Borrowings

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for intended use. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

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

(vi) Equity Instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.



principal accounting policies

(t) Significant Accounting Estimates and Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) *Classification between investment properties and property, plant and equipment*

The Group has developed certain criteria based on FRS 140 in making judgement as to whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 January 2007 were RM31,000 (2006: RM31,000).

(ii) *Property development*

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(iii) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As of 31 January 2007, the Group has deferred tax assets of RM14,865,000 (2006: RM6,559,000).

(iv) *Quarry reserves*

The Group's cost of quarry reserves arising from the acquisition of a subsidiary was based on independent professional valuation carried out in the year of acquisition. The Group amortised the estimated quarry reserve over the lease extraction period of 20 years.



notes to the financial statements

1. CORPORATE INFORMATION

The Company is an investment holding company, and carries out marketing and trading activities for certain of its subsidiaries.

The principal activities of the subsidiaries and associated companies are disclosed in Notes 6 and 7, respectively. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The registered office and principle place of business of the Company is located at No. 1A, Jalan 205, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The holding company of the Company is Gek Poh (Holdings) Sdn Bhd which is incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 March 2007.

2. EFFECTS OF ADOPTING NEW AND REVISED FINANCIAL REPORTING STANDARDS

On 1 February 2006, the Group and the Company adopted the following new and revised Financial Reporting Standards ("FRSs") mandatory for financial periods beginning on or after 1 January 2006:-

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 5, 102, 108, 110, 116, 121, 128, 131, 132, 133 and 138 does not have significant financial impact on the Group and the Company. The principal effects of the changes in accounting policies resulting from the adoption of the other new and revised FRSs are as follows:-

(a) FRS 2: Share-based Payment

The Company operates an equity-settled, share-based compensation plan for the employees of the Group under the Hap Seng Consolidated Berhad's Employees' Share Option Scheme (ESOS).



notes to the financial statements

2. EFFECTS OF ADOPTING NEW AND REVISED FINANCIAL REPORTING STANDARDS (continued)

(a) FRS 2: Share-based Payment (continued)

This FRS requires an entity to recognise share-based payments in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. Prior to 1 January 2006, no compensation expense was recognised in the income statement for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the income statement over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to be vested by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting periods.

Under the transitional provisions of FRS 2, all share options granted after 31 December 2004 and had not yet vested on 1 January 2006 must apply this FRS retrospectively.

All share options were granted by the Company prior to 31 December 2004 and have been fully vested prior to 1 January 2006. As at 31 January 2007, no further share option under the ESOS is granted to employees of the Group. Accordingly, the Group does not have any adjustments arising from the adoption of FRS 2.

(b) FRS 3: Business Combinations and FRS 136: Impairment of Assets

In prior years, goodwill and negative goodwill were amortised on a straight-line basis over the estimated useful life of 25 years.

The adoption of FRS 3: Business Combinations and FRS 136: Impairment of Assets has resulted in the Group ceasing annual amortisation of goodwill. Goodwill carried at cost less accumulated impairment losses, is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired. Impairment losses are recognised in the consolidated income statement when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds the recoverable amount. In accordance with the transitional provisions of FRS 3, the cumulative amortisation as at 1 February 2006 has been offset against the cost of goodwill and the carrying amount of goodwill as at 1 February 2006 of RM31,000 ceased to be amortised.

Also in accordance with FRS 3, any of the excess of the Group's interest in the fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), is now recognised immediately in the consolidated income statement. The Group has negative goodwill of RM14,050,000 as at 1 February 2006. In accordance with the transitional provisions of FRS 3, the negative goodwill was derecognised with a corresponding increase in the opening balance of retained profits as at 1 February 2006.

The change in policy in respect of goodwill and negative goodwill have been applied prospectively and as such there is no restatement of comparative amounts whilst the Group's profit for the year was reduced by RM611,000 resulting from cessation of annual amortisation of goodwill and negative goodwill.



notes to the financial statements

2. EFFECTS OF ADOPTING NEW AND REVISED FINANCIAL REPORTING STANDARDS (continued)

(c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of profit of associates, biological assets and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit and loss for the period between the minority interests and the equity holders of the Company. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the Company and to minority interest. Share of profit of associates is now presented net of tax and minority interests (if any) in the consolidated income statement. Biological assets are now presented as a separate line item in the consolidated balance sheet.

The presentation of the Group's financial statements for the current year is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year's presentation as summarised in Note 40.

(d) FRS 127: Consolidated and Separate Financial Statements

In prior years, in accordance with the Company's accounting policy, investments in subsidiaries were revalued by directors at each balance date on the basis of the net asset value of the subsidiaries. Any resulting surplus was taken to a non-distributable revaluation reserve in respect of the Company.

FRS 127 requires investments in subsidiaries to be accounted for either at cost or in accordance with FRS 139. The Company has chosen to adopt the cost method, resulting in a change in accounting policy for investments in subsidiaries. The Company has restated its investment in subsidiaries at cost less accumulated impairment losses, if any, and the restatement has resulted in a prior year adjustment as summarised in Note 39 and Note 40.

(e) FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties that were stated at cost less impairment losses in prior years are now stated at fair value. Changes in fair values of investment properties are recognised in the income statement in the period in which they arise.

In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives figures as at 31 January 2006 are not restated. Instead, the changes have been accounted for by restating the opening balances in the balance sheet as at 1 February 2006 as follows:-

	Increase/(decrease) As at 1.2.2006 RM'000
Investment properties	3,179
Retained profits	(123)
Deferred tax liabilities	<u>3,302</u>

In accordance with FRS 140, investment properties which are significantly occupied by the Group have been reclassified to property, plant and equipment and accordingly are depreciated over their estimated useful lives. The effect of such reclassifications has been applied retrospectively as summarised in Note 3, Note 5, Note 19 and Note 40.

notes to the financial statements

2. EFFECTS OF ADOPTING NEW AND REVISED FINANCIAL REPORTING STANDARDS (continued)

(f) Standards and Interpretations issued but not effective

The Group and the Company have not early adopted the following new and revised FRSs, amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") which have been issued but are only effective for future financial periods:-

- (i) FRS 6 Exploration for and Evaluation of Mineral Resources
- (ii) FRS 117 Leases
- (iii) FRS 124 Related Party Disclosures
- (iv) FRS 139 Financial Instruments: Recognition and Measurement
- (v) Amendment to FRS 119₂₀₀₄: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
- (vi) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
- (vii) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (viii) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- (ix) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- (x) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- (xi) IC Interpretation 7: Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies
- (xii) IC Interpretation 8: Scope of FRS 2

The above FRSs, amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the following:-

FRS 117 is effective for financial periods beginning on or after 1 October 2006. Upon the adoption of FRS 117, the Group's leasehold land will be classified from property, plant and equipment to prepaid lease payments. Prepaid lease payments will be initially stated at cost and subsequently amortised on the straight-line basis over the lease terms.

FRS 124 is effective for financial periods beginning on or after 1 October 2006 and has expanded the definition of related parties and will affect the Group's related party disclosures.

The effective date of FRS 139 has been deferred by MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and other derivative financial instruments. The Group will apply this standard when it becomes effective.

notes to the financial statements

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

2007	Plantations RM'000	Freehold land RM'000	Leasehold land		Buildings RM'000	Road and infra- structure RM'000	Plant and equipment RM'000	Assets under construction RM'000	Total RM'000
			Long term RM'000	Short term RM'000					
At Cost or Valuation									
At 1 February 2006									
As previously stated	469,145	-	43,470	3,876	174,237	-	244,655	20,940	956,323
Reclassification	(106,642)	-	80,574	-	(5,656)	50,301	(18,577)	-	-
Reclassified to biological assets	(362,503)	-	-	-	-	-	-	-	(362,503)
Effects of adopting FRS 140	-	25,220	34,359	-	44,155	-	-	-	103,734
At 1 February 2006 (restated)	-	25,220	158,403	3,876	212,736	50,301	226,078	20,940	697,554
Additions	-	-	1,800	-	16,454	2,442	26,431	42,421	89,548
Reclassification	-	-	-	-	16,339	8,133	24,136	(48,608)	-
Reclassified from investment properties	-	11,688	-	-	-	-	-	-	11,688
Disposals	-	-	(361)	-	(328)	-	(11,540)	-	(12,229)
Write off	-	-	-	-	(1,781)	-	(871)	-	(2,652)
Exchange differences	-	-	-	(532)	(508)	-	(845)	-	(1,885)
At 31 January 2007	-	36,908	159,842	3,344	242,912	60,876	263,389	14,753	782,024
Accumulated Depreciation and Impairment Losses									
At 1 February 2006									
As previously stated	14,458	-	3,565	379	60,349	-	147,824	-	226,575
Reclassification	(14,458)	-	11,475	-	(653)	6,083	(2,447)	-	-
Effects of adopting FRS 140	-	-	1,030	-	1,645	-	-	-	2,675
At 1 February 2006	-	-	16,070	379	61,341	6,083	145,377	-	229,250
Depreciation charge for the year	-	-	2,233	71	8,931	1,601	19,175	-	32,011
Disposals	-	-	(32)	-	(142)	-	(7,347)	-	(7,521)
Write off	-	-	-	-	(1,467)	-	(682)	-	(2,149)
Exchange differences	-	-	-	(51)	(50)	-	(562)	-	(663)
At 31 January 2007	-	-	18,271	399	68,613	7,684	155,961	-	250,928
Net Book Value	-	36,908	141,571	2,945	174,299	53,192	107,428	14,753	531,096

notes to the financial statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP

2006 (restated)	Plantations RM'000	Freehold land RM'000	Leasehold land		Buildings RM'000	Road and infra- structure RM'000	Plant and equipment RM'000	Assets under construction RM'000	Total RM'000
			Long term RM'000	Short term RM'000					
At Cost or Valuation									
At 1 February 2005									
As previously stated	469,034	-	44,303	3,899	157,004	-	228,505	8,128	910,873
Reclassification	(106,642)	-	80,574	-	(4,393)	46,940	(16,479)	-	-
Reclassified to biological assets	(362,392)	-	-	-	-	-	-	-	(362,392)
Effects of adopting FRS 140	-	500	34,359	-	44,155	-	-	-	79,014
At 1 February 2005 (restated)	-	500	159,236	3,899	196,766	46,940	212,026	8,128	627,495
Additions	-	-	-	-	12,608	2,098	22,026	22,522	59,254
Reclassification	-	-	(833)	-	5,282	1,263	3,979	(9,691)	-
Reclassified from investment properties	-	24,720	-	-	-	-	-	-	24,720
Disposals	-	-	-	-	-	-	(10,219)	-	(10,219)
Write off	-	-	-	-	(1,898)	-	(1,703)	(19)	(3,620)
Exchange differences	-	-	-	(23)	(22)	-	(31)	-	(76)
At 31 January 2006	-	25,220	158,403	3,876	212,736	50,301	226,078	20,940	697,554
Accumulated Depreciation and Impairment Losses									
At 1 February 2005									
As previously stated	13,221	-	3,100	302	55,254	-	137,814	-	209,691
Reclassification	(13,221)	-	10,489	-	(454)	4,999	(1,813)	-	-
Effects of adopting FRS 140	-	-	490	-	790	-	-	-	1,280
At 1 February 2005 (restated)	-	-	14,079	302	55,590	4,999	136,001	-	210,971
Depreciation charge for the year	-	-	2,081	79	7,162	1,084	16,731	-	27,137
Reclassification	-	-	(90)	-	90	-	-	-	-
Disposals	-	-	-	-	-	-	(6,273)	-	(6,273)
Write off	-	-	-	-	(1,647)	-	(1,568)	-	(3,215)
Impairment	-	-	-	-	148	-	501	-	649
Exchange differences	-	-	-	(2)	(2)	-	(15)	-	(19)
At 31 January 2006	-	-	16,070	379	61,341	6,083	145,377	-	229,250
Net Book Value	-	25,220	142,333	3,497	151,395	44,218	80,701	20,940	468,304

notes to the financial statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP

	Cost RM'000	Valuation 1984 RM'000	Total RM'000
Analysis of Cost or Valuation :-			
At 31 January 2007			
Freehold land	36,908	–	36,908
Long term leasehold land	159,842	–	159,842
Short term leasehold land	3,344	–	3,344
Buildings	240,437	2,475	242,912
Road and infrastructure	60,876	–	60,876
Plant and equipment	263,389	–	263,389
Assets under construction	14,753	–	14,753
	779,549	2,475	782,024
At 31 January 2006 (restated)			
Freehold land	25,220	–	25,220
Long term leasehold land	158,403	–	158,403
Short term leasehold land	3,876	–	3,876
Buildings	210,261	2,475	212,736
Road and infrastructure	50,301	–	50,301
Plant and equipment	226,078	–	226,078
Assets under construction	20,940	–	20,940
	695,079	2,475	697,554

The 1984 valuation of certain plantation land had been undertaken by the directors on the basis of an independent valuation by a professional firm of valuers on an existing use basis. The property, plant and equipment have continued to be stated on the basis of their 1984 valuations as allowed by the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") upon adoption of International Accounting Standard No.16 (Revised), Property, Plant and Equipment.

Had the revalued property, plant and equipment of the Group been stated at historical cost less accumulated depreciation, the revalued property, plant and equipment would have been fully depreciated.

notes to the financial statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

2007	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At Cost			
At 1 February 2006	187	9,780	9,967
Additions	–	1,762	1,762
Transfer	–	(5,083)	(5,083)
Disposals	–	(1,168)	(1,168)
At 31 January 2007	187	5,291	5,478
Accumulated Depreciation			
At 1 February 2006	129	4,745	4,874
Charge for the year	4	1,269	1,273
Transfer	–	(3,140)	(3,140)
Disposals	–	(606)	(606)
At 31 January 2007	133	2,268	2,401
Net Book Value	54	3,023	3,077
2006			
At Cost			
At 1 February 2005	187	6,207	6,394
Additions	–	4,943	4,943
Transfer	–	(134)	(134)
Disposals	–	(1,229)	(1,229)
Write off	–	(7)	(7)
At 31 January 2006	187	9,780	9,967
Accumulated Depreciation			
At 1 February 2005	125	4,430	4,555
Charge for the year	4	1,228	1,232
Transfer	–	(73)	(73)
Disposals	–	(833)	(833)
Write off	–	(7)	(7)
At 31 January 2006	129	4,745	4,874
Net Book Value	58	5,035	5,093

notes to the financial statements

4. BIOLOGICAL ASSETS

	Group	
	2007 RM'000	2006 RM'000 (restated)
At Cost or Valuation		
At 1 February 2006 / 2005	362,503	362,392
Additions	83	111
At 31 January	362,586	362,503
Analysis of Cost or Valuation :-		
Cost	289,671	289,588
Valuation 1984	72,915	72,915
	362,586	362,503

The 1984 valuation of certain plantation land had been undertaken by the directors on the basis of an independent valuation by a professional firm of valuers on an existing use basis. The biological assets have continued to be stated on the basis of their 1984 valuations as allowed by the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") upon adoption of International Accounting Standard No.16 (Revised), Property, Plant and Equipment.

The net book value of biological assets stated at valuation had they been stated at cost would have been RM27,586,000 (2006: RM27,586,000) in respect of the Group.

5. INVESTMENT PROPERTIES

	Group	
	2007 RM'000	2006 RM'000 (restated)
At 1 February 2006 / 2005		
As previously stated	406,329	388,703
Effects of adopting FRS 140	(103,734)	(79,014)
At 1 February 2006 / 2005 (restated)	302,595	309,689
Effects of adopting FRS 140		
Fair value adjustments	3,179	-
	305,774	309,689
Additions from acquisition	-	18,570
Additions from subsequent expenditure	7,050	1,044
Reclassification to property, plant and equipment	(11,688)	(24,720)
Disposal	-	(1,988)
At 31 January	301,136	302,595
<i>Represented by:</i>		
Freehold land and buildings	177,766	183,479
Long term leasehold land and buildings	123,370	119,116
	301,136	302,595

notes to the financial statements

6. SUBSIDIARIES

	Company	
	2007 RM'000	2006 RM'000 (restated)
Unquoted shares:-		
At cost	693,741	692,890
Less: Accumulated impairment losses	(11,620)	(11,620)
	<u>682,121</u>	<u>681,270</u>

The subsidiaries as of 31 January 2007 are:-

Name of Subsidiaries	Principal Activities	Country of Incorporation	Equity Interest Held (%)	
			2007	2006
* Jeroco Plantations Sdn Bhd	Cultivation of oil palm and processing of fresh fruit bunches	Malaysia	66.07	66.07
Hap Seng Plantations (River Estates) Sdn Bhd (formerly known as The River Estates Sdn Berhad) and its subsidiaries	Cultivation of oil palm and processing of fresh fruit bunches	Malaysia	100	100
Hap Seng Plantations (Wecan) Sdn Bhd (formerly known as Wecan Enterprise Sdn Bhd)	Cultivation of oil palm	Malaysia	100	100
Hap Seng Plantations (Tampilit) Sdn Bhd (formerly known as Tampilit Sdn Bhd)	Cultivation of oil palm	Malaysia	100	100
* Hap Seng Plantations (Ladang Kawa) Sdn Bhd (formerly known as Ladang Kawa Sdn Bhd)	Cultivation of oil palm	Malaysia	100	100
Hap Seng Land Sdn Bhd and its subsidiaries	Property development and investment holding	Malaysia	100	100
* Hap Seng Land Development Sdn Bhd and its subsidiaries	Investment holding	Malaysia	100	100
* Hap Seng Properties Development Sdn Bhd and its subsidiaries	Property development and investment holding	Malaysia	100	100
* Hap Seng Commercial Development Sdn Bhd	Property development	Malaysia	100	100
* Hap Seng Land Development (Sandakan) Sdn Bhd (formerly known as Yan Min Enterprise Sdn Bhd)	Property development	Malaysia	100	100

notes to the financial statements

6. SUBSIDIARIES (continued)

Name of Subsidiaries	Principal Activities	Country of Incorporation	Equity Interest Held (%)	
			2007	2006
* Hap Seng Land Development (Kluang) Sdn Bhd <i>(formerly known as Atlantic Overseas Sdn Bhd)</i>	Property development	Malaysia	100	100
Hap Seng Land Development (Puchong) Sdn Bhd	Property development	Malaysia	100	100
* Hap Seng Realty Sdn Bhd and its subsidiaries	Property investment and investment holding	Malaysia	100	100
Menara Hap Seng Sdn Bhd	Property investment	Malaysia	100	100
Hap Seng Realty (Autohaus) Sdn Bhd <i>(formerly known as SKI Star Sdn Bhd)</i>	Property investment	Malaysia	100	100
* Hap Seng Property Investment Sdn Bhd	Property investment	Malaysia	100	100
* Hap Seng Realty (Auto) Sdn Bhd	Property investment	Malaysia	100	100
* Hap Seng Leisure Sdn Bhd <i>(formerly known as Tg. Batu Recreation Complex Sdn Bhd)</i>	Providing recreational facilities and services	Malaysia	100	100
* Si Khiong Industries Sdn Bhd <i>(formerly known as Hap Seng Auto Sdn Bhd) (formerly known as Si Khiong Industries Sdn Bhd) and its subsidiaries</i>	Trading in motor vehicles and spare parts, servicing of motor vehicles and investment holding	Malaysia	100	100
* Si Khiong Star Sdn Bhd <i>(formerly known as Hap Seng Star Sdn Bhd) (formerly known as Si Khiong Star Sdn Bhd)</i>	Trading in motor vehicles, spare parts and servicing of motor vehicles	Malaysia	100	100
* SKI Segar Sdn Bhd	Trading in motor vehicles	Malaysia	70	70
* Hap Seng Industrial Sdn Bhd <i>(formerly known as Zarah Sdn Bhd)</i>	Fabrication and sales of commercial trailers	Malaysia	100	100
* Rebuild Truck Sdn Bhd	Dormant	Malaysia	–	100

notes to the financial statements

6. SUBSIDIARIES (continued)

Name of Subsidiaries	Principal Activities	Country of Incorporation	Equity Interest Held (%)	
			2007	2006
* Hap Seng Management Services Sdn Bhd (<i>formerly known as Saruja Sendirian Berhad</i>)	Provision of management services	Malaysia	–	100
* Hap Seng Sasco Fertilizers Sdn Bhd (<i>formerly known as Sasco Sdn Bhd</i>) and its subsidiaries	Trading and distribution of fertilisers and agro-chemicals	Malaysia	100	100
* Hap Seng Sasco Chemicals Sdn Bhd (<i>formerly known as Dewana Sdn Bhd</i>)	Manufacturing and marketing of agro-chemicals	Malaysia	70	70
* Macro Arch (M) Sdn Bhd and its subsidiary	Investment holding	Malaysia	100	100
* PT. Sasco Indonesia (<i>90% nominal equity interest is held through Macro Arch (M) Sdn Bhd whilst the remaining 10% is held through Palms Edge (M) Sdn Bhd</i>)	Trading in fertilisers	Indonesia	100	100
Hap Seng Trading Sdn Bhd and its subsidiaries	Investment holding	Malaysia	100	100
* Hap Seng Building Materials Sdn Bhd	Manufacturing and trading of bricks, operating of stone quarries, trading in building materials and construction of roads	Malaysia	100	100
* Hap Seng (Oil & Transport) Sdn Bhd and its subsidiary	Trading in petroleum products	Malaysia	100	100
* Palms Edge (M) Sdn Bhd	Investment holding	Malaysia	100	100
* Yu Lee Stone Quarry Sdn Bhd	Dormant	Malaysia	100	100
* Hap Seng Credit Sdn Bhd	Provision of financial services	Malaysia	100	100
* Aceford Food Industry Pte Ltd and its subsidiaries	Packing, marketing and wholesale trading of edible oil and food products	Singapore	100	100

notes to the financial statements

6. SUBSIDIARIES (continued)

Name of Subsidiaries	Principal Activities	Country of Incorporation	Equity Interest Held (%)	
			2007	2006
* Wintercorn Edible Products Pte Ltd	Packing and marketing of edible oil and food products	Singapore	100	100
* Wintercorn Edible Products Pty Ltd	Wholesale trading of edible oil products	Australia	100	100
* Hap Seng Management Services Sdn Bhd (formerly known as Saruja Sendirian Berhad)	Provision of management services	Malaysia	100	–
* Rebuild Truck Sdn Bhd	Dormant	Malaysia	100	–
* Hap Seng Ibai Bina (JV) Sdn Bhd (formerly known as Aceford Food Industry Sdn Bhd)	Dormant	Malaysia	100	100
* Hap Seng Agrotech Sdn Bhd	Dormant	Malaysia	100	100
Euro-Asia Brand Holding Company Sdn Bhd	Dormant	Malaysia	100	–
# Euro-Asia Food & Beverage (Bermuda) Limited and its subsidiaries	In liquidation	Bermuda	100	100
Euro-Asia Brand Holding Company Sdn Bhd	Dormant	Malaysia	–	100
# Euro-Asia (South) BVI Investment Limited and its subsidiaries	Investment holding	British Virgin Islands	–	100
* Hainan Euro-Asia Properties Company Limited	Dormant	China	–	100
* Hainan Euro-Asia Food Company Limited	Dormant	China	–	100

* Audited by other auditors

No statutory auditors required to be appointed

notes to the financial statements

6. SUBSIDIARIES (continued)

In the previous year, the Group acquired 100% equity interests in Hap Seng Realty (Auto) Sdn. Bhd., Macro Arch (M) Sdn. Bhd. and Palms Edge (M) Sdn. Bhd. for cash considerations of RM70,055, RM2 and RM1 respectively.

The fair values of assets and liabilities of the subsidiaries acquired were as follows:-

	2006
	RM'000
Net assets acquired:	
Cash and cash equivalents	71
Trade and other payables	(1)
Fair value of total net assets	<u>70</u>
Goodwill arising on acquisition	–
Total consideration	<u>70</u>
Net cash inflow arising on acquisition:	
Cash consideration	70
Cash and cash equivalents of subsidiaries acquired	(70)
	<u>–</u>

7. ASSOCIATED COMPANIES

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
In Malaysia:-				
Quoted shares at cost	49,711	49,711	49,711	49,711
Unquoted shares at cost	45,538	45,538	45,538	45,538
	<u>95,249</u>	<u>95,249</u>	<u>95,249</u>	<u>95,249</u>
Share of post-acquisition reserves	3,156	2,605	–	–
	<u>98,405</u>	<u>97,854</u>	<u>95,249</u>	<u>95,249</u>
Less: Accumulated impairment losses				
- quoted shares	(24,680)	(24,680)	(20,162)	(20,162)
	<u>73,725</u>	<u>73,174</u>	<u>75,087</u>	<u>75,087</u>
<i>Market value of quoted shares</i>	<u>27,740</u>	<u>29,549</u>	<u>27,740</u>	<u>29,549</u>

notes to the financial statements

7. ASSOCIATED COMPANIES (continued)

The Group's interests in the associates is analysed as follows:-

	Group	
	2007 RM'000	2006 RM'000
Quoted shares:		
Share of net assets	29,292	28,949
Goodwill on acquisition, net of impairment losses	600	600
	29,892	29,549
Unquoted shares:		
Share of net assets	43,833	43,625
	73,725	73,174

The associated companies as of 31 January 2007 are:

Name of Associates	Principal Activities	Country of Incorporation	Equity Interest Held (%)	
			2007	2006
Paos Holdings Berhad	Investment holding, manufacturing and distribution of soap, specialty fats and its related products	Malaysia	24.96	24.98
Vintage Heights Sdn Bhd	Property development and operation of oil palm estate	Malaysia	20.00	20.00
EAC Holdings (Malaysia) Sdn Bhd	Investment holding and rental of properties	Malaysia	20.00	20.00

The summarised financial information of the associates are as follows:-

	2007 RM'000	2006 RM'000
Assets and liabilities		
Current assets	115,114	140,707
Non-current assets	311,662	316,125
Total assets	426,776	456,832
Current liabilities	25,800	57,917
Non-current liabilities	54,095	61,002
Total liabilities	79,895	118,919
Results		
Revenue	277,708	278,884
Profit for the year	3,908	1,369

notes to the financial statements

8. OTHER INVESTMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Outside Malaysia:-				
Quoted shares at cost	37,998	37,998	34,382	34,382
Less: Accumulated impairment losses	(14,909)	(14,909)	(14,909)	(14,909)
	<u>23,089</u>	<u>23,089</u>	<u>19,473</u>	<u>19,473</u>
Unquoted shares at cost	–	65	–	65
	<u>23,089</u>	<u>23,154</u>	<u>19,473</u>	<u>19,538</u>
<i>Market value of quoted shares</i>	<u>30,501</u>	<u>24,823</u>	<u>30,501</u>	<u>24,823</u>

9. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2007 RM'000	2006 RM'000
At 1 February 2006 / 2005	305,988	254,010
Additions	43,315	61,049
Transfer to property development costs	(43,324)	(8,188)
Disposal	(615)	(883)
At 31 January	<u>305,364</u>	<u>305,988</u>
<i>Representing items at cost:-</i>		
Freehold land	4,788	38,300
Leasehold land	287,092	257,637
Land development expenditure	13,484	10,051
	<u>305,364</u>	<u>305,988</u>

notes to the financial statements

10. GOODWILL ON CONSOLIDATION

	Group	
	2007 RM'000	2006 RM'000
Cost:		
<i>Goodwill arising on consolidation</i>		
At 1 February 2006 / 2005	1,789	1,789
Effects of adopting FRS 3	(1,758)	-
	31	1,789
<i>Negative goodwill arising on consolidation</i>		
At 1 February 2006 / 2005	(15,274)	(15,274)
Effects of adopting FRS 3	15,274	-
	-	(15,274)
Total	31	(13,485)
Accumulated amortisation and impairment losses		
At 1 February 2006 / 2005	(534)	105
Amortisation for the year	-	111
Effects of adopting FRS 3	534	-
Impairment loss	-	(750)
At 31 January	-	(534)
Net book value	31	(14,019)

11. LONG TERM RECEIVABLES

		Group	
		2007 RM'000	2006 RM'000
Lease, hire purchase and loan receivables	(Note 14)		
- Receivable between one to five years		433,278	324,573
- Receivable after five years		63,130	38,017
		496,408	362,590

Lease, hire purchase and loan receivables are in respect of long term receivables in Hap Seng Credit Sdn Bhd, a wholly-owned subsidiary of the Company, which is principally involved in the provision of financial services. Included in the previous year's loan receivables was a loan of RM60 million to an associated company, Vintage Heights Sdn Bhd at interest of 1% per annum above the prevailing base lending rate of Malayan Banking Berhad. The loan has been fully repaid during the year.

notes to the financial statements

12. INVENTORIES

	Group	
	2007 RM'000	2006 RM'000
At cost		
Properties held for sale	34,005	38,635
Quarry reserves	12,162	12,993
Raw materials	42,091	38,146
Produce inventories	3,357	3,900
Work-in-progress	3,955	3,012
Finished goods	333,638	256,530
	429,208	353,216
At net realisable value		
Properties held for sale	31,391	40,416
Raw materials	8,775	539
Finished goods	1,259	16,191
	41,425	57,146
	470,633	410,362

Quarry reserves relate to the estimated reserves with remaining 17 years (2006: 18 years) lease of extraction.

13. PROPERTY DEVELOPMENT COSTS

	Group	
	2007 RM'000	2006 RM'000
At 1 February 2006 / 2005		
Leasehold land	54,950	51,370
Development costs	292,831	208,430
Accumulated costs charged to income statement	(241,447)	(165,337)
	106,334	94,463
Transfer from land held for property development	43,324	8,188
Cost incurred during the year	109,112	110,109
Transfer to inventories	–	(3,370)
Costs charged to income statement	(104,373)	(103,056)
	48,063	11,871
At 31 January	154,397	106,334
<i>Represented by:</i>		
Leasehold land	60,962	54,950
Development costs	360,725	292,831
Accumulated costs charged to income statement	(267,290)	(241,447)
	154,397	106,334

notes to the financial statements

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables	271,616	233,232	–	–
Lease receivables	6,297	9,340	–	–
Hire purchase receivables	543,884	296,806	–	–
Loan receivables	223,168	222,204	–	–
Accrued billings	5,416	442	–	–
Sundry debtors and prepayments	50,135	27,536	605	1,121
Related companies	201	156	–	–
Subsidiaries	–	–	1,011,374	966,072
Associated companies	163	108	163	108
	1,100,880	789,824	1,012,142	967,301
Allowance for doubtful debts	(25,912)	(21,215)	–	–
Interest in suspense	(8,586)	(5,858)	–	–
Advances received	(25,295)	(12,254)	–	–
	1,041,087	750,497	1,012,142	967,301
Lease, hire purchase and loan receivables				
- amount receivable after one year included				
in long term receivables (Note 11)	(496,408)	(362,590)	–	–
	544,679	387,907	1,012,142	967,301

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Amount due from related companies are trade in nature and are repayable in accordance with the normal trade terms.

Amounts due from subsidiaries are non-trade in nature, unsecured and have no fixed terms of repayment. Interest is charged on amounts due from subsidiaries based on recovery of borrowing costs incurred by the Company.

Hire purchase and lease receivables consist of the following:-

	2007			2006		
	Gross receivables RM'000	Unearned interest RM'000	Net receivables RM'000	Gross receivables RM'000	Unearned interest RM'000	Net receivables RM'000
Group						
Less than 1 year	234,970	(33,290)	201,680	121,642	(19,278)	102,364
Between 1 and 5 years	379,932	(32,627)	347,305	220,603	(18,500)	202,103
More than 5 years	1,231	(35)	1,196	1,752	(73)	1,679
	616,133	(65,952)	550,181	343,997	(37,851)	306,146

notes to the financial statements

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash on hand and at banks	48,018	36,155	925	1,325
Deposits with licensed banks	8,799	7,660	–	7,000
Cash and bank balances	56,817	43,815	925	8,325
Less: Bank overdrafts (Note 18)	(38,600)	(7,077)	–	–
Cash and cash equivalents	18,217	36,738	925	8,325

Included in cash at banks of the Group are amounts of RM3,560,117 (2006: RM5,209,270), the utilisation of which is subject to the Housing Development (Housing Development Account) Regulation 1991 and the Housing (Control and Licensing of Developers) Enactment 1978.

The weighted average effective interest rates of deposits with licensed banks at the balance sheet date of the Group and Company was 4.59% (2006: 1.59%) per annum with average maturities of 45 (2006: 63) days as at the end of the financial year.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables	94,643	92,008	–	–
Progress billings	–	2	–	–
Accruals	40,953	49,200	2,747	3,395
Sundry payables	49,272	33,745	3,919	62
Holding company	–	4,130	–	4,130
Subsidiaries	–	–	441,535	427,573
Related companies	1,324	1,745	–	–
	186,192	180,830	448,201	435,160

The normal trade credit terms granted to the Group range from 30 to 90 days.

Amounts due to holding company and related companies are trade in nature and are payable in accordance with the normal trade terms.

Amounts due to subsidiaries are non-trade in nature, unsecured and have no fixed terms of repayment.

notes to the financial statements

17. PROVISIONS

	Property development obligations RM'000	Provision for warranties and free maintenance service RM'000	Provision for closure costs RM'000	Total RM'000
At 1 February 2005	5,808	928	5,653	12,389
Provision made during the year	1,179	2,249	–	3,428
Provision used during the year	(340)	–	(107)	(447)
Provision reversed during the year	(3,023)	(1,065)	(5,546)	(9,634)
At 31 January 2006	3,624	2,112	–	5,736
Provision made during the year	665	672	–	1,337
Provision used during the year	–	(107)	–	(107)
Provision reversed during the year	(2,361)	(139)	–	(2,500)
At 31 January 2007	1,928	2,538	–	4,466

(a) *Property development obligations*

The provision for property development obligations relates to infrastructure works of completed and current development projects undertaken by certain subsidiaries. The provision is estimated based on historical data associated with similar property development projects.

(b) *Provision for warranties and free maintenance service*

Provision for warranties and free maintenance service is recognised when the underlying products are sold. The provision is estimated based on historical data.

(c) *Provision for closure costs*

This relates to a provision for closure of operations of a foreign subsidiary.

notes to the financial statements

18. BANK BORROWINGS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unsecured:				
Term loans	419,950	419,950	150,000	150,000
Revolving credits	487,550	204,200	–	–
Bankers' acceptances	347,301	266,949	–	–
Bank overdrafts	38,600	7,077	–	–
	<u>1,293,401</u>	<u>898,176</u>	<u>150,000</u>	<u>150,000</u>
Analysed as:				
Short term borrowings	955,451	478,226	30,000	–
Long term borrowings	337,950	419,950	120,000	150,000
	<u>1,293,401</u>	<u>898,176</u>	<u>150,000</u>	<u>150,000</u>

The long term borrowings represent term loans which are repayable as follows:

Between 1 and 3 years	259,220	172,740	120,000	80,000
Between 3 and 5 years	47,230	210,960	–	70,000
After 5 years	31,500	36,250	–	–
	<u>337,950</u>	<u>419,950</u>	<u>120,000</u>	<u>150,000</u>

Bank borrowings of the Company and the Group are unsecured and bore interest during the year ranging from 4.85% to 5.85% (2006: 4.85% to 5.85%) per annum and 3.18% to 7.75% (2006: 3.18% to 7.25%) per annum respectively. Bankers' acceptances and revolving credits are either settled or rolled over on their due dates.

notes to the financial statements

19. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group		Company	
	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000
At 1 February 2006 / 2005	167,248	171,831	–	–
Effects of adopting FRS 140	(33)	(17)	–	–
As restated	167,215	171,814	–	–
Effects of adopting FRS 140	3,302	–	–	–
Recognised in the income statement	(15,544)	(4,599)	589	–
Exchange difference	(37)	–	–	–
At 31 January	154,936	167,215	589	–
<i>Presented after appropriate offsetting as follows:-</i>				
Deferred tax liabilities	161,573	170,594	589	–
Deferred tax assets	(6,637)	(3,379)	–	–
	154,936	167,215	589	–

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The components and movement of deferred tax liabilities and assets during the financial year are as follows:-

Deferred tax liabilities of the Group:

	Accelerated capital and agriculture allowances RM'000	Revaluation of assets RM'000	Others RM'000	Total RM'000
At 1 February 2006				
As previously stated	117,130	56,342	335	173,807
Effects of adopting FRS 140	–	(33)	–	(33)
At 1 February 2006 (restated)	117,130	56,309	335	173,774
Effects of adopting FRS 140	–	3,302	–	3,302
Recognised in the income statement	482	(7,668)	(52)	(7,238)
Exchange difference	–	–	(37)	(37)
At 31 January 2007	117,612	51,943	246	169,801
Less: Deferred Tax Assets offset				(8,228)
Deferred Tax Liabilities recognised				161,573

notes to the financial statements

19. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (continued)

Deferred tax liabilities of the Group:

	Accelerated capital and agriculture allowances RM'000	Revaluation of assets RM'000	Others RM'000	Total RM'000
At 1 February 2005				
As previously stated	117,246	58,485	139	175,870
Effects of adopting FRS 140	–	(17)	–	(17)
At 1 February 2005 (restated)	117,246	58,468	139	175,853
Recognised in the income statement	(116)	(2,159)	196	(2,079)
At 31 January 2006	117,130	56,309	335	173,774
Less: Deferred Tax Assets offset				(3,180)
Deferred Tax Liabilities recognised				170,594

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Tax losses RM'000	Others RM'000	Total RM'000
At 1 February 2006	(710)	(1,273)	(4,576)	(6,559)
Recognised in the income statement	(3,414)	(2,402)	(2,490)	(8,306)
At 31 January 2007	(4,124)	(3,675)	(7,066)	(14,865)
Offset against Deferred Tax Liabilities				8,228
Deferred Tax Assets recognised				(6,637)
At 1 February 2005	(21)	(3,429)	(589)	(4,039)
Recognised in the income statement	(689)	2,156	(3,987)	(2,520)
At 31 January 2006	(710)	(1,273)	(4,576)	(6,559)
Offset against Deferred Tax Liabilities				3,180
Deferred Tax Assets recognised				(3,379)

notes to the financial statements

19. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (continued)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 February 2006	–
Recognised in the income statement	589
At 31 January 2007	<u>589</u>

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unutilised tax losses	19,277	20,109	–	–
Unabsorbed capital and agricultural allowances	4,018	14,685	–	7,364
Other deductible temporary differences	121	1,167	–	1,613
	<u>23,416</u>	<u>35,961</u>	<u>–</u>	<u>8,977</u>

The availability of the unutilised tax losses, unabsorbed capital and agricultural allowances for offsetting against future taxable profits of the subsidiaries in which those items arose are subject to no substantial changes (more than 50%) in shareholdings of these subsidiaries under Section 44(5A) & (5B) of Income Tax Act, 1967. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available in these subsidiaries against which the Group can utilise the benefits.

As at 31 January 2007, subject to agreement with the Inland Revenue Board, apart from the unutilised tax losses and unabsorbed capital and agricultural allowances, the Group has unabsorbed reinvestment allowances of RM18,132,000 (2006: RM4,625,000), when utilised will give rise to a total tax saving to the Group of RM4,714,000 (2006: RM1,295,000).

notes to the financial statements

20. SHARE CAPITAL

	Number of ordinary shares of RM1.00 each		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
Authorised:				
At 31 January	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 February 2006 / 2005	622,660	622,660	622,660	622,660
Issued during the year	100	2	100	2
Cancelled during the year	(100)	(2)	(100)	(2)
At 31 January	622,660	622,660	622,660	622,660

Employees' Share Option Scheme

The main features of the Company's Employees' Share Option Scheme ("ESOS") are outlined below:-

- The maximum amount of ordinary shares of RM1.00 each in the Company which may be subscribed on the exercise of the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the existence of the ESOS.
- Eligible employees of the Group and full time executive directors of the Company with at least one year service shall be eligible to participate in the ESOS.
- The maximum allowable allotment that may be offered to each eligible employee or full time executive director under the ESOS ranges from 4,000 to 500,000 ordinary shares.
- The option price shall be the average of the mean market quotation of the shares as quoted and shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date of the offer, or the par value of the shares of the Company, whichever is higher.
- An option can only be exercised during the option period starting from the second anniversary of the commencement of the Scheme and expiring at the end of the term of the Scheme or for such shorter period as may be specifically stated in the offer. The Scheme commenced on 13 September 1997 and originally had a term of five years. On 18 October 2001, the Company obtained approval from the relevant authorities to extend the term of the Scheme by another five years to 12 September 2007.

Pursuant to the Scheme, options to subscribe for 7,344,000 ordinary shares of RM1.00 each in the Company had been granted as of 31 January 2007. Options granted to subscribe for 4,395,000 ordinary shares of RM1.00 each remained unexercised as of 31 January 2007.

notes to the financial statements

20. SHARE CAPITAL (continued)

Issue of shares during the year upon exercise of options

During the year, 100,000 ordinary shares of RM1.00 each were issued at RM2.04 per share for cash, upon the exercise of options granted pursuant to the Scheme. The aggregate premium of RM104,000 arising was credited to the share premium account.

Information with respect to the number of options granted under the Scheme is as follows:-

	Number of share options	
	2007	2006
At 1 February 2006 / 2005	4,783,000	5,636,000
Exercised	(100,000)	(2,000)
Lapsed/Resigned/Retired	(288,000)	(851,000)
At 31 January	<u>4,395,000</u>	<u>4,783,000</u>

Details of share options exercised during the financial year and the fair value, at exercise date, of shares issued are as follow:-

Exercised Date	Exercised Price RM	Consideration Received		Number of share options exercised		Fair value of share issued RM
		2007 RM	2006 RM	2007	2006	
22.03.2005	2.25	-	4,500	-	2,000	2.40
28.08.2006	2.04	204,000	-	100,000	-	2.18
		<u>204,000</u>	<u>4,500</u>	<u>100,000</u>	<u>2,000</u>	

notes to the financial statements

20. SHARE CAPITAL (continued)


The terms of share options outstanding as at the end of the year are as follows:-

Quarterly Period Granted	Exercise Price RM	Number of Share Options Outstanding		Subscription Amount if Fully Exercised	
		2007 '000	2006 '000	2007 RM'000	2006 RM'000
15.09.1997 - 31.10.1997 *	2.25 to 2.93	3,282	3,450	7,397	7,775
01.11.1997 - 31.01.1998 *	1.98 to 2.63	84	87	169	175
01.02.1998 - 30.04.1998 *	2.49 to 2.57	25	25	63	63
01.05.1998 - 31.07.1998 *	2.19 to 2.38	133	143	307	331
01.08.1998 - 31.10.1998 *	2.02 to 2.11	2	102	4	208
01.11.1998 - 31.01.1999 *	2.47 to 2.57	84	110	210	276
01.02.1999 - 30.04.1999 *	2.05 to 2.32	38	42	79	88
01.05.1999 - 31.07.1999 *	2.34 to 2.73	57	60	139	147
01.08.1999 - 31.10.1999 *	2.27 to 2.34	16	16	37	37
01.11.1999 - 31.01.2000 *	2.16 to 2.41	66	84	158	197
01.02.2000 - 30.04.2000 *	2.55 to 3.39	217	222	570	584
01.05.2000 - 31.07.2000 *	2.75 to 2.99	34	49	96	138
01.08.2000 - 31.10.2000 *	2.10 to 2.42	54	72	128	172
01.11.2000 - 31.01.2001 *	2.06 to 2.17	4	4	8	8
01.02.2001 - 30.04.2001 *	1.69 to 2.04	59	62	119	126
01.05.2001 - 31.07.2001 *	1.78 to 1.94	18	23	34	43
01.08.2001 - 31.10.2001 *	1.84 to 2.12	17	17	35	35
01.11.2001 - 31.01.2002 *	2.17 to 2.28	73	79	166	179
01.02.2002 - 30.04.2002 *	2.15 to 2.29	132	136	285	293
		4,395	4,783	10,004	10,875

* The share options outstanding above are due to expire on 12 September 2007.

Share repurchase

The shareholders of the Company granted authority to the directors at the Extraordinary General Meeting held on 26 July 2006 to further repurchase the Company's shares from the open market. During the financial year, the Company repurchased a further 200 of its issued ordinary shares from the open market for a total cost of RM448. The repurchase was financed from the Company's internal funds. The average cost paid for the additional shares repurchased during the year was RM2.24 per share. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. During the financial year, the Company also cancelled 100,000 of its previously repurchased shares.



notes to the financial statements

20. SHARE CAPITAL (continued)

Movement of shares repurchased

	Number of Shares	RM	Average Cost per share RM
As of 1 February 2005	32,584,100	71,362,688	2.19
Repurchased shares cancelled during the year	(2,000)	(4,380)	2.19 *
Repurchased during the year	1,222,300	2,664,423	2.18
As of 31 January 2006	33,804,400	74,022,731	2.19
Repurchased shares cancelled during the year	(100,000)	(218,970)	2.19 *
Repurchased during the year	200	448	2.24
As of 31 January 2007	<u>33,704,600</u>	<u>73,804,209</u>	2.19

* At the applicable average cost at the date of cancellation

The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan would be applied in the best interests of the Company and its shareholders.

As of 28 March 2007, the issued and paid up capital comprises 622,660,000 ordinary shares of RM1.00 each, of which 33,704,600 ordinary shares are held as treasury shares.

notes to the financial statements

21. RESERVES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Reserves are made up of:-				
Capital reserve in respect of an associated Company	641	641	–	–
Foreign exchange reserve in respect of subsidiaries	(340)	8,909	–	–
Revaluation reserve in respect of subsidiaries	36,564	36,564	–	–
Capital redemption reserve in respect of the Company	2,949	2,849	2,949	2,849
Retained profits	939,393	842,954	660,952	633,660
Total reserves	<u>979,207</u>	<u>891,917</u>	<u>663,901</u>	<u>636,509</u>
Analysed as:-				
Distributable reserves	865,589	768,931	587,148	559,637
Non-distributable reserves	113,618	122,986	76,753	76,872
	<u>979,207</u>	<u>891,917</u>	<u>663,901</u>	<u>636,509</u>

The movements on reserves are set out in the respective statements of changes in equity.

At the balance sheet date, the amount of retained profits of RM73,804,000 (2006: RM74,023,000) equivalent to the cost of treasury shares held is classified as non-distributable reserves.

Subject to the agreement of the Inland Revenue Board, as at 31 January 2007, the Company had sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank approximately RM119 million (2006: RM81 million) of the Company's distributable reserves. Any dividend paid in excess of that amount would result in a tax charge calculated at the prevailing tax rate on the gross amount of the additional dividend paid.

notes to the financial statements

21. RESERVES (continued)

The nature and purpose of each category of reserve is as follows:-

(a) *Capital reserve in respect of an associated company*

This reserve comprises primarily revaluation reserve of an associated company.

(b) *Foreign exchange reserve in respect of subsidiaries*

The foreign exchange reserve is arising from re-translation of financial statements of foreign subsidiary companies.

(c) *Revaluation reserve*

The revaluation reserve of the Group comprises primarily revaluation reserve on long-term leasehold plantation lands and biological assets held by subsidiary companies.

(d) *Capital redemption reserve*

This reserve is created to account for the nominal amounts of cancelled treasury shares repurchased.

22. REVENUE

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Dividend income				
From subsidiary companies	–	–	98,896	101,764
From associated companies	–	–	377	2,919
From other investments	398	329	398	329
Commission fees received	–	–	3,342	3,337
Plantation produce, goods and services	1,522,830	1,280,395	–	–
Hire purchase, leasing and term loan	50,963	34,299	–	–
Property development	124,373	122,589	–	–
Completed properties	16,486	1,879	–	–
Property rental	15,785	19,967	–	–
	<u>1,730,835</u>	<u>1,459,458</u>	<u>103,013</u>	<u>108,349</u>

notes to the financial statements

23. OPERATING PROFIT

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Operating profit is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- auditors of the Company	126	126	55	55
- other auditors	384	366	-	-
Non audit fees for services rendered by				
- auditors of the Company	10	10	10	10
- firm affiliated to the auditors of the Company	41	43	19	20
Rental of land and buildings	4,778	5,212	620	767
Hire of plant and machinery	4,968	6,907	-	-
Depreciation of property, plant and equipment	32,011	27,137	1,273	1,232
Property, plant and equipment written off	503	405	-	-
Impairment loss on property, plant and equipment	-	649	-	-
Impairment loss on other investment	65	-	65	-
Replanting expenditure	9,003	4,143	-	-
Bad debts written off	345	3	-	-
Allowance for doubtful debts	5,006	4,934	-	-
Write down of inventories	20	3,666	-	-
Impairment loss on goodwill	-	750	-	-
Realised loss on foreign exchange	1,077	-	63	-
Unrealised loss on foreign exchange	4,591	-	426	-
Employee benefits expenses (Note 24)	101,815	87,626	6,646	9,947
Gain on disposal of property, plant and equipment	(3,789)	(978)	(118)	(251)
Gain on disposal of investment properties	-	(91)	-	-
Amortisation of goodwill and negative goodwill	-	(111)	-	-
Reversal of write down of inventories	-	(90)	-	-
Reversal of allowance for doubtful debts	(309)	-	-	-
Realised gain on foreign exchange	-	(2)	-	-
Hire income of plant and machinery	(25)	(39)	-	-
Rental income from properties	(243)	(154)	(16)	(16)
Insurance claim receivable	-	(20)	-	-

notes to the financial statements

23. OPERATING PROFIT (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Operating profit is arrived at after charging/(crediting):-				
Recovery of bad debts	(6,243)	(327)	–	–
Reversal of retirement benefits	–	(19)	–	(19)
Interest income from:				
- third parties	(1,905)	(850)	(7)	(11)
- subsidiaries	–	–	(9,868)	(8,537)
Gain on disposal of shares in other investments	(10)	–	(10)	–

24. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Salaries and other staff related expenses	94,309	80,893	6,147	9,034
Pension costs - defined contribution plans	7,506	6,733	499	913
	101,815	87,626	6,646	9,947

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM8,734,000 (2006: RM8,554,000) and RM3,075,000 (2006: RM2,683,000) respectively as further disclosed in Note 25.

notes to the financial statements

25. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive directors' remuneration				
Other emoluments				
- Directors of the Company	2,599	1,811	2,599	1,811
- Other directors	6,135	6,743	476	872
	<u>8,734</u>	<u>8,554</u>	<u>3,075</u>	<u>2,683</u>
Non-executive directors' remuneration				
Fees				
- Directors of the Company	372	372	372	372
- Other directors	240	240	-	-
	<u>612</u>	<u>612</u>	<u>372</u>	<u>372</u>
	<u>9,346</u>	<u>9,166</u>	<u>3,447</u>	<u>3,055</u>
The estimated money value of directors' benefits-in-kind in respect of the Group and Company are as follows:-				
Directors of the Company	150	167	150	167
Other directors	403	367	71	30
	<u>553</u>	<u>534</u>	<u>221</u>	<u>197</u>

26. FINANCE COSTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest payable to subsidiaries	-	-	9,127	6,853
Interest payable on bank borrowings	52,214	35,704	8,253	8,250
	<u>52,214</u>	<u>35,704</u>	<u>17,380</u>	<u>15,103</u>

notes to the financial statements

27. OTHER NON-OPERATING ITEMS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Reversal of provision for closure costs	–	5,546	–	5,546
Impairment loss on investment in an associated company	–	(5,273)	–	(4,070)
	–	273	–	1,476

28. TAX EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Malaysian taxation based on results for the year:				
- Current taxation	45,920	44,787	22,670	22,884
- Under/(Over) provision in prior year	744	(1,148)	(998)	(3,173)
	46,664	43,639	21,672	19,711
Deferred tax (Note 19):				
- Relating to origination and reversal of temporary differences	(4,851)	(731)	93	–
- Relating to changes in tax rate	(12,061)	–	(21)	–
- Under/(Over) provision in prior year	1,368	(3,868)	517	–
	(15,544)	(4,599)	589	–
Real Property Gains Tax (“RPGT”)				
- Current taxation	6	–	–	–
- Under/(Over) provision in prior year	36	(11)	–	–
	31,162	39,029	22,261	19,711

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% effective from year of assessment 2008. The computation of deferred tax as at 31 January 2007 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

notes to the financial statements

28. TAX EXPENSE (continued)

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before tax	151,740	139,831	79,555	85,286
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	40,970	39,153	21,480	23,880
Effect of 20% tax rate on certain small and medium enterprise subsidiaries	(288)	(243)	–	–
Effect of change in tax rate on deferred tax	(12,061)	–	(21)	–
Effect of different tax rates in other countries	(117)	(142)	–	–
Income not subject to tax	(4,981)	(781)	(209)	(1,361)
Expenses not deductible for tax purposes	7,159	5,708	1,492	1,654
Utilisation of previously unrecognised deferred tax assets	(2,960)	(1,481)	–	(1,289)
Effect of share of results of associates	(251)	(81)	–	–
Deferred tax assets not recognised during the year	1,543	1,923	–	–
Under/(Over) provision in prior year	2,148	(5,027)	(481)	(3,173)
Tax expense for the year	31,162	39,029	22,261	19,711

notes to the financial statements

29. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group has been computed by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the year. For the purpose of this computation, the number of shares repurchased and either held as treasury shares or cancelled has been excluded from the weighted average number of shares in issue.

	Group	
	2007	2006
Profit attributable to ordinary equity holders of the Company (RM'000)	106,156	87,147
Weighted average number of ordinary shares in issue ('000)	588,906	589,516
Basic earnings per share (sen)	18.03	14.78

(b) Fully diluted earnings per share

Fully diluted earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive options, i.e. assuming the exercise of all options issued on the earliest date they became exercisable.

	Group	
	2007	2006
Profit attributable to ordinary equity holders of the Company (RM'000)	106,156	87,147
Weighted average number of ordinary shares in issue ('000)	588,906	589,516
Adjustment for share options ('000)	(509)	(364)
Weighted average number of ordinary shares for diluted earnings per share ('000)	588,397	589,152
Diluted earnings per share * (sen)	18.03	14.78

* As the diluted earnings per share exceeded the basic earnings per share, the anti-dilutive effects are ignored.

notes to the financial statements



30. DIVIDENDS

	Group	
	2007 RM'000	2006 RM'000
Dividends paid in respect of financial year ended 31 January 2005:		
- final (3.5 sen less tax)	–	14,866
Dividends paid in respect of financial year ended 31 January 2006:		
- interim (3.5 sen less tax)	–	14,846
- final (3.5 sen less tax)	14,839	–
Dividends paid in respect of financial year ended 31 January 2007:		
- interim (3.5 sen less tax)	15,048	–
	29,887	29,712

31. COMMITMENTS

	Group	
	2007 RM'000	2006 RM'000
Capital expenditure		
- commitments in respect of contracts placed	73,632	23,269
- other amounts approved by directors but not contracted for	34,503	116,222
	108,135	139,491

notes to the financial statements

32. LEASE COMMITMENTS

Total future lease payments under non-cancellable operating leases are as follows:-

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Due within one year	3,648	2,916	344	667
Due after one year but not more than five years	4,599	5,955	281	1,251
Due after five years	2,936	3,384	–	–
	<u>11,183</u>	<u>12,255</u>	<u>625</u>	<u>1,918</u>

33. CONTINGENT LIABILITIES

	Company	
	2007 RM'000	2006 RM'000
Bank guarantees		
Unsecured:		
Corporate guarantees to banks of subsidiary companies in respect of balances outstanding as at 31 January	<u>1,143,256</u>	<u>748,176</u>



notes to the financial statements

34. LITIGATION MATTER


As disclosed in the Directors' Report of the previous year, the Company had on 24 October 2002, been served with a Writ of Summons ("said Writ") in the High Court in Sabah and Sarawak at Kota Kinabalu ("Tongod Suit"), wherein the Company was named as the first defendant, Asiatic Development Berhad as the second defendant, Tanjung Bahagia Sdn Bhd as the third defendant, Director of Department of Lands and Surveys, Sabah as the fourth defendant and the Government of the State of Sabah as the fifth defendant. The Tongod Suit was instituted by certain natives of Sabah claiming Native Customary Rights over all that parcel of land held under Title No. CL095330724 situated in Sungai Tongod, District of Kinabatangan, Sandakan ("the Tongod Land") or part thereof. The Company had on 9 May 2002 completed its disposal of the Tongod Land to Tanjung Bahagia Sdn Bhd, the wholly-owned subsidiary of Asiatic Development Berhad.

The Company filed its Statement of Defence and an application to strike out the said Writ on 11 February 2003 ("Striking Out Application").

As announced on 13 June 2003, the learned Deputy Registrar dismissed the Company's Striking Out Application with costs. The Company is appealing against the decision and the Court had adjourned its original hearing date of 15 April 2005 on the same to another date to be fixed.

The Plaintiff had earlier filed an application for injunction restraining the second and third defendants from carrying out, inter alia, planting activities on the Tongod Land or part thereof. During the hearing held on 5 July 2004 on the injunction application, the defendants had raised a preliminary objection to the Court's jurisdiction to determine Native Customary Rights. The Court has yet to fix a new date for decision on the said preliminary objection.

The Company's Solicitors are of the opinion that the Plaintiffs' claim to Native Customary Rights against the alienated land after the issuance of the title is unlikely to succeed.



notes to the financial statements

35. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines and it is the Group's policy not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to fixed deposits and borrowings with financial institutions. The Group does not use derivative financial instruments to hedge any debt obligations. The Group manages interest costs using a prudent mix of fixed and floating rate bank facilities.

(c) Foreign Exchange Risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currency. These companies enter into forward foreign currency exchange contracts with relatively short-term maturities where appropriate to limit their exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

The Group is also exposed to currency risk in respect of its foreign investments in subsidiaries and its other investments quoted elsewhere. These are, however, not significant.

(d) Liquidity Risk

As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents and adequate amounts of credit facilities to meet its working capital requirements. In addition, the Group strives to maintain flexibility in funding by keeping its credit lines available at a reasonable level. As far as possible, the Group raises funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit worthiness review is regularly performed for new customers and existing customers who trade on credit, to mitigate exposure on credit risk. Where appropriate, the Group requires its customers to provide collateral before approvals are given to trade on credit.

The Group does not have any significant exposure to any individual customer or counterparty, nor does it have any major concentration of credit risk related to any financial instruments except for advances of RM60 million in the previous year to an associated company which has been fully repaid during the year. The maximum exposure to credit risk is represented by the carrying amount of these financial assets.

notes to the financial statements

35. FINANCIAL INSTRUMENTS (continued)

(f) Fair Values

The aggregate fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group are as follows:-

	Group		Company	
	Book value RM'000	Fair value RM'000	Book value RM'000	Fair value RM'000
At 31 January 2007:				
Other investments				
- quoted shares	23,089	30,501 @	19,473	30,501 @
Amounts due from subsidiaries	-	-	1,011,374	#
Amounts due from related companies and associated companies	364	#	163	#
Amounts due to subsidiaries	-	-	441,535	#
Amounts due to holding company and related companies	1,324	#	-	#
<hr/>				
At 31 January 2006:				
Other investments				
- quoted shares	23,089	24,823 @	19,473	24,823 @
- unquoted shares	65	*	65	*
Amounts due from subsidiaries	-	-	966,072	#
Amounts due from related companies and associated companies	264	#	108	#
Amounts due to subsidiaries	-	-	427,573	#
Amounts due to holding company and related companies	5,875	#	4,130	#

@ The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

* It is not practicable to estimate the fair values of the Group's investments in unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the directors believe that the carrying amounts do not vary significantly from recoverable amounts.

It is also not practicable to estimate the fair values of amounts due to/from holding company, related companies and associated companies principally due to a lack of fixed repayment terms entered into by the parties involved.

notes to the financial statements

35. FINANCIAL INSTRUMENTS (continued)

(f) Fair Values (continued)

The nominal amount and net fair value of financial instruments not recognised in the balance sheet of the Group as at 31 January 2007 are:-

	Nominal amount RM'000	Amount at spot rate RM'000	Net fair value RM'000
At 31 January 2007:			
Forward foreign exchange contracts	26,706	26,314	392
At 31 January 2006:			
Forward foreign exchange contracts	45,649	46,156	(507)

The fair value of forward foreign currency contracts is the estimated amount which the Group would expect to pay on the termination of the outstanding position arising from such contracts. At the end of the financial year, the fair value of such contracts is determined by reference to the difference between contracted forward exchange rate and the spot rate on that date.

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

Cash and cash equivalents, other receivables, other payables and short-term bank borrowings

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

Trade, lease, hire purchase and loan receivables, and trade payables

The net carrying amounts of trade receivables and payables approximate fair values because these are expected to be settled in the short term. The net carrying amounts of hire purchase and loan receivables, which are based on principal amounts outstanding representing approximately the cash flow receivables discounted at their effective yields, closely approximate their fair values.

Long-term bank borrowings

The carrying values of long-term borrowings which bear fixed and floating interest rates are expected to approximate fair values and would not be significantly different from the values that would eventually be settled.

notes to the financial statements

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions	Group		Company		
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	
Director of Malaysian Mosaics Berhad *					
Dato' Richard Ong Guan Seng	Sale of motor vehicle	–	179	–	–
Director of the Company:					
Dato' Jorgen Bornhoft	Sale of vehicle	185	–	–	–
Edward Lee Ming Foo	Sale of properties	–	766	–	–
Datuk Simon Shim Kong Yip	Sale of motor vehicle	–	198	–	–
Person connected to Tan Ghee Kiat**, a Director of the Company:					
Jeannette Tan Lii Shyan	Sale of motor vehicle	–	179	–	–
Person connected to Edward Lee Ming Foo, a Director of the Company:					
Chiew Kim Hua and Lee Yun Oi	Sale of properties	–	646	–	–
Person connected to David Park**, a Director of the Company:					
Ton Ter Hung	Sale of motor vehicle	–	134	–	–
Foundation connected to David Park**, Edward Lee Ming Foo, Tuan Haji Nik Ariff bin Nik Hassan** and Sim Siew Meng, Directors of the Company:					
Lau Gek Poh Foundation #	Donation	(467)	(350)	(467)	(350)

* The Company ceased to be a subsidiary of Malaysian Mosaics Berhad on 11 August 2006.

** David Park, Tuan Haji Nik Ariff bin Nik Hassan and Tan Ghee Kiat resigned as Directors of the Company on 31 January 2007.

An organisation principally involved in charitable activities.

notes to the financial statements

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

Transactions	Group		Company		
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	
Company connected to Edward Lee Ming Foo, a Director of the Company: Corporated International Consultant Sdn Bhd	Project consultancy fee payable	(7,053)	(6,065)	–	–
Companies connected to Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, a major shareholder of the Company: ^					
Glenealy Plantations (Malaya) Berhad Group	Sales of products	14,726	12,779	–	–
Lingui Developments Berhad Group	Sales of products	20,584	24,084	–	–
Samling Strategic Corporation Sdn. Bhd. Group	Sales of products	57,970	29,938	–	–
	Freight and handling charges	–	(20)	–	–
Company in which Datuk Simon Shim Kong Yip, a Director of the Company, has interest: Shim, Pang & Co	Legal fees	(311)	(876)	–	(320)
	Rental income	7	12	–	–
	Servicing of motor vehicles	9	2	–	–
Company in which Tong Chin Hen, a Director of a subsidiary, has interest: Imaspro Resources Sdn Bhd	Purchase of raw materials	(102)	(234)	–	–
	Purchase of agrochemicals	(16)	(8)	–	–

^ Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is a major shareholder of the Company by virtue of his substantial shareholding in Gek Poh (Holdings) Sdn Bhd, the holding company of the Company.

notes to the financial statements

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Transactions	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Malaysian Mosaics Berhad and its subsidiaries	Rental income	742	726	–	–
	Sales of products	553	946	–	–
	Management fees	180	–	–	–
	Sales of used motor vehicles	–	20	–	–
	Servicing of motor vehicles	22	32	–	–
	Purchase of used motor vehicles	–	(140)	–	(140)
	Purchase of products	(3,790)	(5,883)	–	–
	Rental expenses	(18)	(18)	–	–
	Share of management expenses	(1,621)	(4,130)	(1,621)	(4,130)
	Gek Poh (Holdings) Sdn Bhd and its other subsidiaries	Rental income	16	16	–
Sales of products		1	442	–	–
Servicing of motor vehicles		3	9	–	–
Insurance premium		(6,423)	(4,636)	(117)	(134)
Purchase of properties		–	(13,281)	–	–
Vintage Heights Sdn Bhd	Management fees received	208	210	208	210
	Lease rental income	547	485	–	–
	Interest income	2,203	4,497	–	–
	Rental income	16	16	16	16
	Sales of products	933	1,053	–	–
Subsidiaries	Dividend income	–	–	98,896	101,764
	Interest income	–	–	9,868	8,537
	Commission fees received	–	–	3,342	3,337
	Servicing of motor vehicles	–	–	(40)	(27)
	Purchase of motor vehicles	–	–	(701)	(2,798)
	Interest expenses	–	–	(9,127)	(6,853)
	Rental expenses	–	–	(620)	(762)
	Management fees	–	–	(2,335)	–

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established under negotiated terms.

notes to the financial statements

37. SEGMENTAL INFORMATION

The Group's operating businesses are organised according to the nature of activities, namely trading and financing, agricultural produce, and investment holding. Segment accounting policies are the same as the policies as described in Principal Accounting Policies on page 97 to 107, all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	Trading RM'000	Financing RM'000	Agricultural Produce RM'000	Property RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Year ended 31 January 2007							
Revenue							
External revenue	1,243,905	50,963	278,885	156,684	398	–	1,730,835
Inter-segment revenue	65,780	–	–	8,662	–	(74,442)	–
<i>Total revenue</i>	<u>1,309,685</u>	<u>50,963</u>	<u>278,885</u>	<u>165,346</u>	<u>398</u>	<u>(74,442)</u>	<u>1,730,835</u>
Results							
Operating profit	25,483	34,159	124,880	37,961	(5,644)	(13,813)	203,026
Finance costs							(52,214)
Share of results of associated companies	858	–	–	–	70	–	928
Profit before tax							151,740
Tax expense							(31,162)
Profit for the year							120,578
Minority interests							(14,422)
Profit attributable to equity holders of the Company							<u>106,156</u>
Assets and Liabilities							
Segment assets	780,770	730,755	666,026	1,038,396	30,289		3,246,236
Unallocated assets							29,964
Investment in associates	37,330	–	–	–	36,395		73,725
<i>Total assets</i>							<u>3,349,925</u>
Segment liabilities	83,670	9,208	14,140	83,781	3,939		194,738
Unallocated liabilities							1,463,237
<i>Total liabilities</i>							<u>1,657,975</u>
Other information							
Capital expenditure	52,892	802	30,806	1,300	3,831		89,631
Depreciation and amortisation	9,666	534	17,318	3,002	1,491		32,011

notes to the financial statements

37. SEGMENTAL INFORMATION (continued)

	Trading RM'000	Financing RM'000	Agricultural Produce RM'000	Property RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Year ended 31 January 2006							
Revenue							
External revenue	1,002,247	34,299	278,103	144,480	329	–	1,459,458
Inter-segment revenue	48,229	–	–	5,961	–	(54,190)	–
<i>Total revenue</i>	<u>1,050,476</u>	<u>34,299</u>	<u>278,103</u>	<u>150,441</u>	<u>329</u>	<u>(54,190)</u>	<u>1,459,458</u>
Results							
Operating profit	17,928	20,751	125,243	38,302	(17,403)	(9,848)	174,973
Finance costs							(35,704)
Other non-operating items							273
Share of results of associated companies	15	–	–	–	274	–	289
Profit before tax							139,831
Tax expense							(39,029)
Profit for the year							100,802
Minority interests							(13,655)
Profit attributable to equity holders of the Company							<u>87,147</u>
Assets and Liabilities							
Segment assets	591,297	505,166	650,459	974,806	37,805		2,759,533
Unallocated assets							22,423
Investment in associates	36,849	–	–	–	36,325		73,174
<i>Total assets</i>							<u>2,855,130</u>
Segment liabilities	98,226	5,785	15,666	52,632	16,223		188,532
Unallocated liabilities							1,072,693
<i>Total liabilities</i>							<u>1,261,225</u>
Other information							
Capital expenditure	36,960	622	15,789	1,051	4,943		59,365
Depreciation and amortisation	6,276	581	16,217	2,732	1,220		27,026
Impairment losses	1,399	–	–	–	5,273		6,672

No analysis of geographical segments is presented as the Group operates principally in Malaysia and the Group's foreign operations are considered to be not significant.



notes to the financial statements

38. SIGNIFICANT EVENTS DURING THE YEAR

- (i) On 31 July 2006, the Company acquired from its wholly-owned subsidiary, Si Khiong Industries Sdn Bhd (*formerly known as Hap Seng Auto Sdn Bhd*) (*formerly known as Si Khiong Industries Sdn Bhd*), 500,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hap Seng Management Services Sdn Bhd (*formerly known as Saruja Sendirian Berhad*) for a cash consideration of RM851,037.
- (ii) On 23 February 2006, Malaysian Mosaics Berhad ["MMB"] entered into a conditional Shares Sale Agreement with its holding company, Gek Poh (Holdings) Sdn Bhd ["Gek Poh"], for the divestment of its entire shareholding in the Company comprising 312,016,000 ordinary shares of RM1.00 each ["HSCB Divestment Shares"] representing 52.99% of the issued and paid-up share capital of the Company to Gek Poh for a cash consideration of RM686,435,200 representing RM2.20 per HSCB Divestment Share ["said Divestment"].

On 11 August 2006, CIMB Investment Bank Berhad (*formerly known as Commerce International Merchant Bankers Berhad*) announced on behalf of MMB the completion of the said Divestment. With the said completion, HSCB ceased to be a 52.99% listed subsidiary of MMB on even date.

Concurrent with the said Divestment, the Board of Directors of the Company had on 27 July 2006 announced that it had on even date received a Notice of Unconditional Mandatory General Offer ["Notice"] from CIMB on behalf of Gek Poh to acquire the following:-

- (a) the remaining ordinary shares of RM1.00 each in the Company; and
- (b) such number of new ordinary shares of the Company that may be issued pursuant to the exercise of any outstanding options granted under the Company's Employees' Share Option Scheme,

which are not already held by Gek Poh, at an offer price of RM2.20 per ordinary share to be satisfied in full by cash ["Offer"]

The Board also announced on even date that it was not seeking any alternative person to make a take-over offer for the Offer shares.

On the closing date of the Offer, the Company announced that the acceptance of Offer constituted 1.85% of the issued and paid-up share capital comprising 10,959,886 ordinary shares of RM1.00 each in the Company.

- (iii) On 30 August 2006, the Company acquired from its wholly-owned subsidiary, Euro-Asia Food & Beverage (Bermuda) Limited, the entire issued and paid-up share capital of Euro-Asia Brand Holding Company Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.
- (iv) On 30 August 2006, Euro-Asia Food & Beverage (Bermuda) Limited disposed of its entire shareholding in Euro-Asia (South) BVI Investment Limited for a cash consideration of RM1.00.
- (v) On 14 December 2006, the Company acquired from its wholly-owned subsidiary, Si Khiong Industries Sdn Bhd (*formerly known as Hap Seng Auto Sdn Bhd*) (*formerly known as Si Khiong Industries Sdn Bhd*), the entire issued and paid-up share capital of Rebuild Truck Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.
- (vi) On 30 January 2007, Euro-Asia Food & Beverage (Bermuda) Limited, the wholly-owned subsidiary of the Company was placed under member's voluntary liquidation. The said liquidation is pending completion.

notes to the financial statements



39. PRIOR YEAR ADJUSTMENTS

The prior year adjustments for the Group are attributable to the retrospective adjustments in accordance with FRS 140, on reclassification of investment properties which are significantly occupied by the Group to property, plant and equipment and accordingly are depreciated over their estimated useful lives as referred to in Note 2(e).

The prior year adjustments for the Company are in respect of the following:-

- (a) The restatement of investment in subsidiaries at cost less accumulated impairment losses in accordance with FRS 127 as referred to in Note 2(d) and
- (b) Realisation of revaluation reserve of RM989,000 to retained profits as they were in relation to the previous investment in a subsidiary which had been diluted as associate in the prior financial years.

The effects of the above mentioned reclassifications and restatements have been applied retrospectively to the comparatives as summarised in Note 40.

notes to the financial statements

40. COMPARATIVES

The following comparatives have been restated as a result of the adoption of new and revised FRSs as explained in Note 2 and Note 39.

	Group				Company		
	As previously stated RM'000	Adoption of FRS 101 Note 2(c) RM'000	FRS 140 Note 2(e) RM'000	As restated RM'000	As previously stated RM'000	Adoption of FRS 127 Note 2(d) RM'000	As restated RM'000
Balance sheet							
Property, plant and equipment	729,748	(362,503)	101,059	468,304	-	-	-
Biological assets	-	362,503	-	362,503	-	-	-
Investment properties	406,329	-	(103,734)	302,595	-	-	-
Subsidiaries	-	-	-	-	1,118,055	(436,785)	681,270
Reserves	894,559	-	(2,642)	891,917	1,073,294	(436,785)	636,509
Deferred tax liabilities	170,627	-	(33)	170,594	-	-	-

	Group			
	As previously stated RM'000	Adoption of FRS 101 Note 2(c) RM'000	FRS 140 Note 2(e) RM'000	As restated RM'000
Income statement				
Other operating expenses	(8,217)	-	(1,395)	(9,612)
Operating profit	176,368	-	(1,395)	174,973
Share of results of associated companies	1,244	(955)	-	289
Profit before tax	142,181	(955)	(1,395)	139,831
Tax expense	(40,000)	955	16	(39,029)
Profit for the year	102,181	-	(1,379)	100,802
Profit for the year attributable to equity holders of the Company	88,526	-	(1,379)	87,147
Basic earnings per share (sen)	15.02	-	(0.24)	14.78
Fully diluted earnings per share (sen)	15.02	-	(0.24)	14.78

notes to the financial statements

40. COMPARATIVES (continued)

	← Group →			← Company →		
	As previously stated RM'000	Adoption of FRS 140 Note 2(e) RM'000	As restated RM'000	As previously stated RM'000	Adoption of FRS 127 Note 2(d) RM'000	As restated RM'000
Statement of changes of equity						
Retained profits at 1 February 2005	786,784	(1,263)	785,521	596,810	989	597,799
Retained profits at 31 January 2006	845,596	(2,642)	842,954	632,671	989	633,660
Revaluation reserves at 1 February 2005	–	–	–	440,314	(440,314)	–
Revaluation reserves at 31 January 2006	–	–	–	437,774	(437,774)	–

	← Group →			
	As previously stated RM'000	Adoption of FRS 101 Note 2(c) RM'000	FRS 140 Note 2(e) RM'000	As restated RM'000
Cash flows statement				
Profit before tax	142,181	(955)	(1,395)	139,831
Adjustments for:				
Depreciation of property, plant and equipment	25,742	–	1,395	27,137
Share of results of associated companies	(1,244)	955	–	(289)



other information

PARTICULARS OF SANCTIONS AND / OR PENALTIES IMPOSED

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

MATERIAL CONTRACTS

There were no material contracts involving the Company and its subsidiaries with directors' and major shareholders' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the financial year ended 31 January 2007, except for the following:-

- i. Related Party Transactions during the financial year ended 31 January 2007 were entered in the ordinary course of business and on terms no more favourable to the related party than those generally available to the public and are not detrimental to the minority interests, have been disclosed in Note 36 to the Financial Statements.

The Company will be seeking Shareholders' Mandate for Recurrent Related Party Transactions at an Extraordinary General Meeting which will be convened on 31 July 2007.

particulars of group's properties/ butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
KUALA LUMPUR							
Unit No. 16-3 and 16-3A Kiapeng Service Apartments Seksyen 57, Bandar Kuala Lumpur	559 m ²	2 units of service apartments	September 2003	Freehold	–	6	3,525
Lot 593 & 594, Seksyen 57, Jalan P. Ramlee Bandar Kuala Lumpur	7,436 m ²	22-storey office building for rental	June 2004	Freehold	–	34	177,766
Lot 546 & 1246, Seksyen 57, Jalan P. Ramlee Bandar Kuala Lumpur	2,896 m ²	2-storey Mercedes-Benz showroom & office	June 2004	Freehold	–	1	35,997
SELANGOR							
Teluk Merbau Estate Sungai Pelek, Sepang	189 ha	Oil palm plantation	September 1977	Freehold	–	–	3,804
H.S(D) 59365 No.PT 14414 Mukim Petaling	15,435 m ²	2-storey workshop	June 2005	Freehold	–	< 1	27,696
No.1A, Jalan 205 Off Jalan Tandang Petaling Jaya	15,173 m ²	Showroom, office and warehouse	August 2001	Leasehold 82 Years	2057	15	22,461
B-7-02 & B-7-07 Sri Alam Condominium Jalan Kelab Golf 13/1, Seksyen 13, Shah Alam	566.04 m ²	2 units of penthouses	January 2004	Leasehold 99 Years	2102	8	1,100
PN 16866, Lot 48734 Mukim & Daerah Petaling	49,067 m ²	Land held for development	October 2006	Leasehold 99 years	2097	–	21,186
KEDAH							
PT Lots 4137 & 4138 Mukim Padang Meha, Kulim	15.96 ha	Land held for development	September 1977	Freehold	–	–	533

particulars of group's properties/
butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
SABAH							
KOTA KINABALU							
TL 017512533 Wisma Gek Poh Jalan Haji Saman	1,208 m ²	5 1/2 storey office building for rental	January 2004	Leasehold 99 years	2061	30	9,306
CL 015029008/ CL 015089175/ CL 015046607 Taman Kingfisher Sulaman Menggatal	154,015 m ²	Land held for development	April 2004/ May 2004	Leasehold 999 years	2924/ 2936/ 2924	–	25,481
CL 015376584 Mile 5 1/2 Tuaran Road	10,724 m ²	Showroom, office and workshop	January 2001	Leasehold 99 years	2065	28	4,248
TL 017512211 & TL 017532268 Jalan Telok Likas	2,369 m ²	3-storey detached house with swimming pool	January 2005	Leasehold 82 years/ 99 years	2059	6	2,934
CL 215353601 Lok Kawi, Jalan Penampang	10.1 ha	Land held for development	January 2001	Leasehold 60 years	2044	–	1,054
CL 215314024 Kg. Manantangah, Jalan Penampang	88,424 m ²	Agricultural land	January 2004	Leasehold 99 years	2073	–	435
CL 215269248 Kg. Madsiang, Jalan Penampang	40,752 m ²	Site office with a weighbridge	January 2004	Leasehold 99 years	2061	4	1,986
CL 215154144/ CL 215310740/ CL 215311532/ CL 215179329 Kg. Madsiang, Jalan Penampang	141,680 m ²	4 parcels of land for quarry operations	January 2004	Leasehold 99 years	2056/ 2061/ 2063/ 2067	–	913
CL 045102298 Kg. Tambulang, District of Tuaran	238,765 m ²	Telipok quarry	November 2006	Leasehold 25 years	2031	–	2,028
CL 045174454 & CL 045262235 Kg. Bakut, Tuaran	216,385 m ²	Land held for development	October 2006	Leasehold 999 years/ 99 years	2924/ 2060	–	5,182

particulars of group's properties/ butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
SANDAKAN							
TL 077508742 Clunny Estate KM2.1, North Road	2,865 m ²	1 unit of single storey detached house	January 2004	Leasehold 99 years	2062	27	370
TL 077504799 Clunny Estate KM 2.3, North Road	1,909 m ²	3-storey office building, showroom and workshop	January 2001	Leasehold 99 years	2052	33	1,069
TL 077567938/ TL 077567901/ TL 077574219 Bandar Fajar, Jalan Leila	4.14 ha	Land held for development	January 2004	Leasehold 999 years	2888	-	1,623
TL 077544248 Wisma Hap Seng KM 2.7, Jalan Leila	11,660 m ²	Commercial land with 5-storey office building	July 1996	Leasehold 999 years	2911	25	6,419
TL 077544239 KM 2.7, Jalan Leila	6,596 m ²	Undeveloped commercial land	July 1996	Leasehold 999 years	2911	-	1,055
CL 075095199 KM 4, Jalan Leila - Bokara	0.12 ha	Land held for development	February 1961	Leasehold 999 years	2908	-	-
TL 077537850 KM 8.3, Jalan Batu Sapi	16,673 m ²	2-storey office & warehouse	May 2005	Leasehold 99 years	2066	21	3,946
CL 075394188 KM 6.5, Batu Sapi Road	10,098 m ²	Si Khiong workshop	January 2001	Leasehold 999 years	2881	28	2,206
PL 076290572 Tg. Buli Kuku KM 10.2, Batu Sapi Road	121,487 m ²	Undeveloped land	January 2004	Leasehold 60 years	2038	-	732
CL 075471706/ CL 075471859 Jalan Batu Sapi, Karamunting	2,170 m ²	2-storey recreation hall	July 1996	Leasehold 999 years	2881	28	350
CL 07514510 Jalan Sibuga	396,592 m ²	Land held for development	April 2004	Leasehold 999 years	2883	-	10,924

particulars of group's properties/
butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
TAWAU							
CL 105109859 & TL 107525959 Taman Yacht Club KM 1, Jalan Tg. Batu	19,491 m ²	7 units of 2-storey detached houses and a 2-storey club house	January 2004	Leasehold 999 years/ 99 years	2897/ 2084	30	9,031
TL 107532776 Taman Yacht Club KM 1, Jalan Tg. Batu	1,549 m ²	VIP Guest house	January 2004	Leasehold 999 years	2897	30	545
CL 105518947 Taman Yacht Club KM 1, Jalan Tg. Batu	0.8 ha	Vacant Land	January 2005	Leasehold 99 years	2094	–	457
TB 2109-2112 KM 1.6, Jalan Tg. Batu Laut	1,000 m ²	4 units of 2-storey commercial shophouses	January 2004	Leasehold 999 years	2903	33	1,674
Taman Guan Soon TB 1647-1653, 1839-1856 TB 1944 KM 2, Jalan Tg. Batu Laut	27,335 m ²	1 unit of 2-storey recreational clubhouse and 25 units of semi- permanent detached houses	January 2004	Leasehold 99 years	2075	32-33	6,410
Taman Guan Soon TB 1532-1535, 1963-1964, KM 2, Jalan Tg. Batu Laut Tawau	5,930 m ²	6 units of semi-permanent detached houses	January 2004	Leasehold 999 years	2903	34	1,487
Taman Mosaic, TB 2626-2653 KM 2, Jalan Tg. Batu Laut	31,128 m ²	28 units of 2-storey detached houses for rental	January 2004	Leasehold 99 years	2073	26	9,611
Taman Mosaic, TB 2681-2685 KM 2, Jalan Tg. Batu	5,059 m ²	5 units of 2-storey detached houses for rental	January 2004	Leasehold 999 years	2988	26	1,738
PL 106142287 KM 5, Jalan Tg. Batu Laut	29,502 m ²	1 unit of warehouse for rental	January 2004	Leasehold 999 years	2929	17	1,535
CL 105518330 KM 5, Jalan Tg. Batu Laut	8,094 m ²	An industrial zoned land	January 2004	Leasehold 99 years	2094	–	874

particulars of group's properties/ butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
TAWAU (continued)							
CL 105163728/ PL 106142250 KM 5, Jalan Tg. Batu Laut	65,114 m ²	Residential zoned land, quarry yard with a weighbridge counter building, 6 units of labourlines and ancillary buildings a Kukusan quarry	January 2004	Leasehold 99 years/ 999 years	2057/ 2928	4-25	5,371
CL 105360674 & CL 105396647 KM 6, Jalan Tg. Batu Laut	198,215 m ²	Industrial lands with single-storey buildings for rental	January 2004	Leasehold 99 years	2076/ 2080	18-19	33,189
CL 105451607 & CL 105459158 KM 6, Jalan Tg. Batu Laut	222,415 m ²	Industrial lands with single-storey buildings for rental	January 2004	Leasehold 99 years	2086/ 2087	16-17	34,153
PL 106293010 KM 6, Jalan Tg. Batu Laut	404,645 m ²	Industrial zoned land on reclaimed area held for rental	January 2004	Leasehold 99 years	2089	–	21,377
CL 105433716 & CL 105465825 Hap Seng Dockyard Jalan Tg. Batu Laut	121,406 m ²	Industrial lands with buildings erected within a dockyard for rental	January 2004	Leasehold 99 years	2084/ 2087	15-25	20,008
TL 107525182/ TL 107525191 TB 3205-3206, Jalan Aman	4,736 m ²	2 units of 2-storey detached houses	January 2004	Leasehold 99 years	2073	23	1,144
TL 107505233 TB 1408, Jalan Aman	2,023 m ²	1 unit of double storey detached house	January 2004	Leasehold 99 years	2061	35	433
TL 107505288 TB 1482, Jalan Aman	2,671 m ²	1 unit of single storey detached house	January 2004	Leasehold 99 years	2060	35	573
TL 107510323 KM 1.5, Jalan Kuhara	836 m ²	Land held for development	January 2004	Leasehold 999 years	2895	–	629

particulars of group's properties/
butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
TAWAU (continued)							
TL 107510225 KM 1.5, Jalan Kuhara	572 m ²	Land held for development	January 2004	Leasehold 999 years	2895	–	431
CL 105316256/ CL 105330318/ CL 105330327 No.1823, KM 1.5, Kuhara Road	2,455 m ²	Vehicle Showroom cum office	January 2001	Leasehold 999 years	2894/ 2895	33	2,217
CL 105172843/ CL 105172852 Wisma Gek Poh TB 1144, Kuhara Road	4,577 m ²	3 storey office building and 1 lot of adjoining commercial land	January 2001	Leasehold 999 years	2895	34	3,837
CL 105424208 KM 2, Kuhara Road	2,045 m ²	Land held for development	January 2001	Leasehold 999 years	2901	–	986
TL 10751430 / TL 107514296 TL 107517608 / TL 10751431 TL 107517591 & TL 107510261 Mile 1, Kuhara Road	3,972 m ²	Land held for development	May 2004/ May 2005	Leasehold 999 years	2895	–	2,734
CL 105316318 / CL 105316327 CL 105316336 / CL 105316345 Mile 1, Jalan Kuhara	1,000 m ²	Land held for development	January 2004	Leasehold 999 years	2895	–	160
Lot 1 to 24 KM 8, Jalan Apas	12,756 m ²	Land held for development	January 2004	Leasehold 99 years	2081	–	1,666
CL 105478831 Mile 10, Jalan Apas	563,768 m ²	Land held for development	January 2004	Leasehold 99 years	2060	–	27,100
Mile 10, Jalan Apas	323.6 ha	Oil palm plantation	January 2004	Leasehold 99 years	2049/ 2060/ 2061/ 2062/ 2073	–	96,519

particulars of group's properties/ butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
TAWAU (continued)							
CL 105420675/ CL 105420684/ CL 105420666 Mile 10 1/2, Jalan Apas	1,225,024 m ²	Central workshop, heavy commercial vehicle body fabrication workshop, spare part stores, staff quarters and open space	January 2001	Leasehold 60 years/ 99 years	2042/ 2081/ 2060	32	26,980
CL 105240195 KM 23, Jalan Apas	116,792 m ²	Land held for development	January 2004	Leasehold 99 years	2061	–	1,154
CL 105127375/ CL 105127393 Jalan Apas	24,281 m ²	Land held for development	June 2004	Leasehold 999 years	2925/ 2928	–	2,575
14 Kms, Jalan Sin On Tiku	117.7 ha	Oil palm plantation with buildings & brick factory	January 2004	Leasehold 99 years	2059/ 2060	9-40	18,452
PL 106149633 Mile 3 1/2, Jalan Sin Onn	100,686 m ²	Land held for development	June 2004	Leasehold 99 years	2050	–	3,368
CL 105361653/ CL 105319337/ CL 105319328/ CL 105319355 Tengku Osman Road	4,124 m ²	Warehouses	January 2001	Leasehold 99 years	2055	30	1,727
CL 105109902 Lot 24 - 29, Jalan Bunga Raya	1,784 m ²	Land held for development	September 1991	Leasehold 999 years	2915	–	1,444
PL 106293029 Dockyard	106,392 m ²	Land held for development	January 2006	Leasehold 99 years	2094	–	14,126
CL 105430886 Inanam Estate	404,686 m ²	Land held for development	December 2006	Leasehold 99 years	2050	–	5,516
TL 107505126 TB 978, Jalan Dunlop	318 m ²	Commercial building	July 1975	Leasehold 99 years	2062	32	478
TL 107524247/ TL 107505279 Jalan Dunlop	882 m ²	2 adjoining vacant commercial lots	January 2004	Leasehold 99 years/ 999 years	2076/ 2893	–	1,442

particulars of group's properties/
butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
TAWAU (continued)							
TL 107514081 Jalan Bahagia	4,047 m ²	Workshop, office and staff quarters	January 2001	Leasehold 99 years	2067	27	1,409
CL 105243632 Km 5, Jalan Kukusan	3,157 m ²	Quarry yard and office site	January 2004	Leasehold 99 years	2064	26	172
Apas Claremont Estate	552 ha	Oil palm plantation & buildings	July 1996	Leasehold 99 years	2058/2061/ 2064	3 – 25 }	14,843
Muul Hill Estate	724 ha	Oil palm plantation & buildings	July 1996	Leasehold 99 years	2062/2063/ 2065/2068/ 2071/2072/ 2073	25 }	
LAHAD DATU							
CL 115410234 KM 4 to KM 5, Jalan Silam	549,442 m ²	Land held for development	January 2004	Leasehold 999 years	2908	–	24,755
TL 117507114 to TL 117507481 Lot 1-38, Cocoa Export Centre, KM 2.5, Jalan Kastam Baru	5,278 m ²	Land held for development	January 2004	Leasehold 99 years	2076	–	2,322
CL 115408985 KM 2.5, Jalan Kastam Baru	5,742 m ²	Light industrial/ warehouse building	January 2001	Leasehold 99 years	2066	28	1,539
PL 116292758 Jalan Kastam Baru	80,795 m ²	Land held for development	January 2004	Leasehold 99 years	2087	–	1,681
CL 115363196/ CL 115363203 Jalan Dam	23.56 ha	Land held for development	January 2004	Leasehold 99 years	2044	–	887
FR 114008794 Kampong Tabanak	63,738 m ²	Land held for development	December 2004	Freehold	–	–	752
FR 114008776 Kampong Tabanak	42,087 m ²	Land held fo development	February 2005	Freehold	–	–	598
CL 115411839 KM 2.7, Dam Road	369,721 m ²	Land held for development	October 2005	Leasehold 999 years	2914	–	9,032

particulars of group's properties/ butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
LAHAD DATU (continued)							
PL 116173650 Kg. Dam	34,924 m ²	Land held for development	April 2006	Leasehold 99 years	2049	–	725
CL 115409802 Mile 2, New Wharf Road	33,969 m ²	Building for rental and store	July 1996	Leasehold 99 years	2066	28	6,225
LABUAN							
TL 207527866 Jln Tun Mustapha	3,387 m ²	Vacant light industrial land	January 2001	Leasehold 60 years	2042	–	920
SEMPORNA							
CL 125324996 KM 6, Bukit Lalang	46,660 m ²	Land held for development	January 2004	Leasehold 99 years	2074	–	92
CL 125324987 KM 6, Bukit Lalang	35,774 m ²	Land held for development	January 2004	Leasehold 99 years	2076	–	73
CL 125317222 & PL 126290748 Sungai Tinagan	309,180 m ²	Land held for development	January 2004	Leasehold 99 years	2079	–	214
CL 125333388 Mile 1 ½, Jalan Bubul Kg. Batu	35,572 m ²	Land held for development	May 2004	Leasehold 99 years	2098	–	763
CL 125317562 Taiko Plantation, Kalumpang	632,443 m ²	Brick factory	January 2004	Leasehold 89 years	2073	25	4,232
KENINGAU							
PL 136207031 Ulu Masak	70,982 m ²	Ex-workshop, ex-training school with 12 units of timber semi-detached & terrace timber houses	January 2004	Leasehold 99 years	2063	23	1,470

particulars of group's properties/
butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
KINABATANGAN							
Batangan Estate	3,633 ha	Oil palm plantation & buildings	July 1996	Leasehold 99 years	2078	1-25 }	
Lutong Estate	2,448 ha	Oil palm plantation & buildings	July 1996/ July 2003	Leasehold 99 years	2078/ 2098/ 2099	6-17 }	
Lokan Estate	3,155 ha	Oil palm plantation & buildings	July 1996	Leasehold 99 years	2078	6-11 }	257,516
Kapis Estate	2,681 ha	Oil palm plantation & buildings	July 1996	Leasehold 99 years	2078	4-20 }	
Lungmanis Estate	2,200 ha	Oil palm plantation & buildings	July 1996	Leasehold 99 years	2078	6-12 }	
Wecan Estate	1,078 ha	Oil palm plantation	December 1991	Leasehold 99 years	2084	-	12,631
Tampilit Estate	202 ha	Oil palm plantation	December 1991	Leasehold 99 years	2084	-	2,196
Tomanggong Estate	4,890 ha	Oil palm plantation & buildings	November 1978	Leasehold 99 years/ 999 years	2067/2094/ 2894	1 - 40 }	
Tabin Estate	2,579 ha	Oil palm plantation & Buildings	November 1978	Leasehold 99 years	2067/2076/ 2093/2098	1 - 23 }	
Tagas Estate	2,010 ha	Oil palm plantation & Buildings	November 1978	Leasehold 99 years	2067/2076	1 - 31 }	
Litang Estate	1,571 ha	Oil palm plantation & Buildings	November 1978	Leasehold 99 years/ 999 years	2076/2091/ 2887/2900	2 - 24 }	276,392
Sungai Segama Estate	5,174 ha	Oil palm plantation and buildings	December 1990	Leasehold 99 years	2089	1 - 15 }	
Bukit Mas Estate	4,733 ha	Oil palm plantation and buildings	December 1990	Leasehold 99 years/ 999 years	2089/2887	1 - 13 }	

particulars of group's properties/ butir-butir harta tanah kumpulan

Location Lokasi	Area Keluasan	Description Deskripsi	Date of Acquisition / Revaluation Tarikh Perolehan / Penilaian Semula	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Years) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31.1.2007 Nilai Buku Bersih Pada 31.1.2007 RM'000
SARAWAK							
Lot 46 & 47 Piasau Road, Miri	4,474 m ²	Office, showroom and workshop	January 2001	Leasehold 56 years	2033	25	2,442
Lot 495 Pujut-Lutong Road, Miri	526 m ²	2 storey detached house	January 2001	Leasehold 60 years	2040	26	225
Lot 198, Sec 64 Tanah Puteh, Kuching	9,834 m ²	Showroom cum office and factory	January 2001	Leasehold 900 years	2789	27	4,500
Lot 24, Sec 63 Sungai Sekama, Kuching	2,339 m ²	Office & showroom	December 2005	Leasehold 70 years	2036	34	1,034
Lot 1261, Sec 66 Pending Industrial Estate, Kuching	8,875 m ²	Office & workshop	December 2005	Leasehold 60 years	2038	24	1,936
Lot 697 Kemena Land District Sibiya Road, Bintulu	799 m ²	Office & showroom	January 2001	Leasehold 60 years	2043	23	382
Lot 656 Kampong Nyabor Road, Sibul	165 m ²	4 storey shophouse cum office	January 2001	Freehold	–	27	784
SINGAPORE							
15 Senoko Crescent, Sembawang, Singapore	10,221 m ²	Factory and office	May 2001	Leasehold 60 years	2049	18	5,779
TOTAL / JUMLAH							1,378,001

analysis of shareholding As At 11 June 2007 analisa pemegangan saham Setakat 11 Jun 2007

Authorised Share Capital / <i>Modal Saham Dibenarkan</i>	:	RM1,000,000,000
Issued and Fully Paid-up Capital / <i>Modal Terbitan dan Berbayar Penuh</i>	:	RM622,660,000
Class of Shares / <i>Kelas Saham</i>	:	Ordinary Share of RM1.00 each / <i>Saham Biasa RM1.00 sesaham</i>
Voting Rights / <i>Hak Mengundi</i>	:	One Vote per Ordinary Share / <i>Satu undi bagi setiap Saham Biasa</i>
Number of Shareholders / <i>Bilangan Pemegang Saham</i>	:	6,959

DISTRIBUTION OF SHAREHOLDERS / PEMBAHAGIAN PEMEGANG-PEMEGANG SAHAM

SIZE OF HOLDING / SAIZ PEMEGANGAN

	No. of Shareholders / <i>Bil. Pemegang Saham</i>	% of Shareholders / <i>% Pemegang Saham</i>	No. of Shares Held* / <i>Bil. Saham Dipegang*</i>	% of Issued Capital / <i>% Modal Terbitan</i>
1 to 99 / <i>1 hingga 99</i>	482	6.93	11,327	0.00
100 to 1,000 / <i>100 hingga 1,000</i>	1,831	26.31	1,496,245	0.25
1,001 to 10,000 / <i>1,001 hingga 10,000</i>	3,712	53.34	15,775,062	2.66
10,001 to 100,000 / <i>10,001 hingga 100,000</i>	848	12.19	23,770,905	4.01
100,001 to less than 5% of issued shares / <i>100,001 hingga kurang daripada 5% modal terbitan</i>	83	1.19	164,374,761	27.77
5% & above of issued shares / <i>5% dan lebih modal terbitan</i>	3	0.04	386,787,100	65.31
TOTAL / JUMLAH	6,959	100.00	592,215,400	100.00

* The number of 592,215,400 ordinary shares was the derivation of the original issued and paid-up share capital of 622,660,000 ordinary shares of the Company after (a) excluding the number of 30,444,600 treasury shares retained by the Company and (b) including the number of 6,209,000 ESOS shares issued and allotted by the Company, and (c) excluding the cancellation of 6,209,000 treasury shares.
Bilangan saham biasa sebanyak 592,215,400 adalah derivasi daripada modal terbitan dan berbayar asal Syarikat sebanyak 622,660,000 saham biasa selepas (a) ditolak sebanyak 30,444,600 saham perbendaharaan yang disimpan oleh Syarikat dan (b) termasuk sebanyak 6,209,000 saham ESOS yang diterbitkan dan diperuntukkan oleh Syarikat dan (c) tidak termasuk pembatalan saham perbendaharaan sebanyak 6,209,000.

LIST OF 30 LARGEST SHAREHOLDERS / SENARAI 30 PEMEGANG SAHAM TERBESAR

	Shareholding / <i>Pemegangan saham</i>	% ⁽³⁾
1. Mayban Securities Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd for Gek Poh (Holdings) Sdn Bhd	312,016,000	52.69
2. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	43,137,800	7.28
3. OSK Nominees (Asing) Sdn Berhad - Exempt AN (BP) for OSK Asia Securities Limited	31,633,300	5.34
4. UOBM Nominees (Asing) Sdn Bhd - Exempt AN for Lei Shing Hong Securities Limited (LSA0036)	27,000,000	4.56
5. Citigroup Nominees (Asing) Sdn Bhd - UBS AG Singapore for Star Majestic Group Limited	25,000,000	4.22
6. Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for Credit Agricole (Suisse) SA, Singapore Branch (Trust Account)	21,722,000	3.67
7. Permodalan Nasional Berhad	15,180,000	2.56
8. HLG Nominee (Asing) Sdn Bhd - Exempt AN for DBS Bank (Hong Kong) Limited (A/C 2)	13,149,100	2.22
9. HLG Nominee (Asing) Sdn Bhd - Exempt AN for DBS Bank (Hong Kong) Limited (A/C 1)	12,062,000	2.04

As At 11 June 2007

Setakat 11 Jun 2007

analysis of shareholding
analisa pemegang saham

LIST OF 30 LARGEST SHAREHOLDERS (continued) / **SENARAI 30 PEMEGANG SAHAM TERBESAR** (sambungan)

	Shareholding / Pemegang saham	%⁽³⁾
10. Gek Poh (Holdings) Sdn Bhd	10,959,886	1.85
11. Bank Pertanian Malaysia	7,031,248	1.19
12. Pembangunan Melati Sdn Bhd	6,234,600	1.05
13. HDM Nominees (Tempatan) Sdn Bhd - UOB Kay Hian Pte Ltd for Gooi Seong Gum (Margin)	2,949,400	0.50
14. Cartaban Nominees (Asing) Sdn Bhd - State Street Luxembourg Fund AA30 for Allianz Global Investors Selections RCM Malaysia Fund	1,714,700	0.29
15. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund	1,499,200	0.25
16. Niels John Madsen	1,484,000	0.25
17. Ong Kee Sem	1,030,000	0.17
18. Soon Khiat Voon	1,000,000	0.17
19. Eng Yok Tin @ Seet Kim Lian	795,000	0.13
20. Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	752,300	0.13
21. Alliancegroup Nominees (Tempatan) Sdn Bhd - Pheim Asset Management Sdn Bhd for Employees Provident Fund	684,000	0.12
22. Wan Wai Mun	640,000	0.11
23. Affin Nominees (Asing) Sdn Bhd - Lei Shing Hong Securities Limited	630,000	0.11
24. Chong Mei Ngor	500,000	0.08
25. Soon Li Voon	410,000	0.07
26. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Funds II Plc	400,500	0.07
27. Cheong Meng Soon @ Chong Sai Yan	400,000	0.07
28. Chong Hon Yen	330,000	0.06
29. Te Kim Leng	320,800	0.05
30. Yap Yuen Ching	317,000	0.05
Total / Jumlah	540,982,834	91.35

SUBSTANTIAL SHAREHOLDERS / PEMEGANG SAHAM UTAMA

	Shareholding / Pemegang Saham			%⁽³⁾
	Direct / Langsung	%⁽³⁾		
Gek Poh (Holdings) Sdn Bhd	322,975,886	54.54	6,234,600 ⁽¹⁾	1.05
Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	43,137,800	7.28	-	-
OSK Nominees (Asing) Sdn Berhad - Exempt AN (BP) for OSK Asia Securities Limited	31,633,300	5.34	-	-
Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak	-	-	329,210,486 ⁽²⁾	55.59

Notes:

- (1) Deemed interests through its wholly-owned subsidiary, Pembangunan Melati Sdn Bhd, pursuant to Section 6A(4) of Companies Act, 1965 / *Dianggap mempunyai kepentingan disebabkan oleh kepentingan melalui subsidiari milikan sepenuhnya, Pembangunan Melati Sdn Bhd mengikut Seksyen 6A(4) Akta Syarikat, 1965*
- (2) Deemed interests by virtue of his substantial interests in Gek Poh (Holdings) Sdn Bhd pursuant to Section 6A(4) of Companies Act, 1965 / *Dianggap mempunyai kepentingan disebabkan oleh kepentingan utamanya di Gek Poh (Holdings) Sdn Bhd mengikut Seksyen 6A(4) Akta Syarikat, 1965*
- (3) For the purpose of computing the percentage of shareholding above, the number of ordinary shares used was 592,215,400 which was arrived at by deducting 30,444,600 treasury shares held by the Company from its issued and paid-up capital of 622,660,000 / *Untuk tujuan kiraan peratusan peggangan saham di atas, bilangan saham biasa yang digunakan adalah sebanyak 592,215,400 yang diperolehi dengan menolak sebanyak 30,444,600 saham perbendaharaan yang dipegangi oleh Syarikat daripada modal terbitan dan berbayar sebanyak 622,660,000.*



directors' shareholding As at 11 June 2007
 pemegangan saham para pengarah Setakat 11 Jun 2007

Company / Syarikat	Direct Shareholding / Pemegangan Saham Langsung		Indirect Shareholding / Pemegangan Saham Tidak Langsung	
	No. of Shares / Bil. Saham	%	No. of Shares / Bil. Saham	%
Hap Seng Consolidated Berhad				
Dato' Jorgen Bornhoft	40,000	0.0068 *	—	—

* For the purpose of computing the percentage of shareholding above, the number of ordinary shares used was 592,215,400 which was arrived at by deducting 30,444,600 treasury shares held by the Company from its issued and paid-up capital of 622,660,000.

Untuk tujuan kiraan peratusan pegangan saham di atas, bilangan saham biasa yang telah digunakan adalah sebanyak 592,215,400 yang diperolehi dengan menolak sebanyak 30,444,600 saham perbendaharaan yang dipegangi oleh Syarikat daripada modal terbitan dan berbayar sebanyak 622,660,000.

share buy back summary ringkasan pembelian balik saham

Month/ Bulan	No. of shares purchased and retained as treasury shares / Bil. saham yang dibeli dan disimpan sebagai saham perbendaharaan	Lowest price paid per share / Harga terendah dibayar sesaham (RM)	Highest price paid per share / Harga tertinggi dibayar sesaham (RM)	Average Cost per share / Kos Purata dibayar sesaham (RM)	Total Cost / Jumlah Kos (RM)	No. of treasury shares cancelled / Bil. pembatalan saham perbendaharaan
Feb-06	-	-	-	-	-	-
Mar-06	-	-	-	-	-	-
Apr-06	-	-	-	-	-	-
May-06	-	-	-	-	-	-
Jun-06	-	-	-	-	-	-
Jul-06	100	2.00	2.00	2.13	213	-
Aug-06	-	-	-	-	-	100,000
Sep-06	-	-	-	-	-	-
Oct-06	-	-	-	-	-	-
Nov-06	-	-	-	-	-	-
Dec-06	100	2.22	2.22	2.35	235	-
Jan-07	-	-	-	-	-	-
TOTAL / JUMLAH	200	2.00	2.22	2.24	448	100,000

During the financial year, all the repurchased shares by the Company were retained as treasury shares and there was no resale of treasury shares. As at 31 January 2007, the cumulative number of treasury shares cancelled by the Company was 2,949,000 ordinary shares. Simultaneous with the aforesaid cancellation of treasury shares, the Company had allotted and issued the corresponding number of new 2,949,000 ordinary shares pursuant to the Employees' Share Option Scheme. As such, the total number of ordinary shares comprised in the issued and paid-up share capital of the Company as at 31 January 2007 remains as 622,660,000.

Dalam tahun kewangan, kesemua saham yang dibeli balik oleh Syarikat disimpan sebagai saham perbendaharaan dan tiada penjualan saham perbendaharaan. Setakat 31 Januari 2007, jumlah kumulatif saham perbendaharaan yang dibatalkan oleh Syarikat adalah sebanyak 2,949,000 saham biasa. Serentak dengan pembatalan saham perbendaharaan, Syarikat telah menerbitkan sebanyak 2,949,000 saham biasa baru menurut Skip Opsyen Saham Kakitangan. Sejurusnya, bilangan saham biasa yang diterbitkan dan dibayar penuh dalam Syarikat pada 31 Januari 2007 kekal berjumlah 622,660,000.

plantation statistics
perangkaan perladangan

YEAR ENDED 31 JANUARY / TAHUN BERAKHIR 31 JANUARI					
	2003	2004	2005	2006	2007
CROP PRODUCTION - TONNES					
FFB	692,675	730,341	759,116	796,498	768,716
PROCESSED - TONNES					
FFB	671,857	705,138	729,680	767,185	741,517
Palm Oil	150,384	154,919	158,735	168,375	162,145
Palm Kernel	31,929	32,507	33,854	37,471	35,607
EXTRACTION RATE - %					
Palm Oil	22.38	21.97	21.75	21.95	21.87
Palm Kernel	4.75	4.61	4.64	4.88	4.80
MATURE AREA - HECTARES					
Oil Palm	30,701	31,191	31,351	31,404	30,492
AVERAGE YIELD - TONNES/HECTARE					
FFB	22.71	23.56	24.36	25.51	25.37
AVERAGE SELLING PRICE (Ex-Sandakan) RM/TONNE					
FFB	238	289	317	271	301
Palm Oil	1,322	1,501	1,621	1,352	1,460
Palm Kernel	656	731	1,037	958	839

AREA SUMMARY (HECTARES) AS AT 31 JANUARY 2007
RINGKASAN KELUASAN (HECTAR) PADA 31 JANUARI 2007

	RESB Group	Jeroco	HSCB	Grand Total
Oil Palm				
Mature	18,887	11,418	187	30,492
Immature	1,153	1,294	-	2,447
Total Oil Palm	20,040	12,712	187	32,939
Other Crop	-	86	-	86
Total Planted Area	20,040	12,798	187	33,025
Reserves	1,474	18	-	1,492
Buildings, roads, etc	1,999	1,301	9	3,309
Grand Total	23,513	14,117	196	37,826

Conversion Rate : 1 HA = 2.4710 Acres



FORM OF PROXY / BORANG PROKSI

No. of Shares / <i>Bil. Saham</i>	CDS Account No. / <i>No. Akaun CDS</i>

I / We _____ NRIC/Passport No. _____
Saya / Kami *No. KP / No. Paspot*

of _____ Tel. No. _____
beralamat *No. Tel.*

being a member(s) of the above-mentioned Company, hereby appoint _____
sebagai ahli / ahli-ahli Syarikat yang tersebut di atas, dengan ini melantik

NRIC/Passport No. _____
No. KP / No. Paspot

of _____ Tel. No. _____
beralamat *No. Tel.*

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Thirty-First Annual General Meeting of the Company to be held at the Kristal Ballroom, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 31 July 2007 at 3.00 p.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of Annual General Meeting:-

atau jika gagal berbuat demikian, PENGERUSI MESYUARAT sebagai proksi saya/kami untuk mengundi bagi pihak saya/kami dalam Mesyuarat Agung Tahunan Syarikat yang ke-Tiga Puluh Satu yang akan diadakan di Kristal Ballroom, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan pada hari Selasa, 31 Julai 2007 pada jam 3.00 petang atau sebarang penangguhannya, ke atas resolusi-resolusi berikut yang dirujuk dalam Notis Mesyuarat Agung Tahunan:-

RESOLUTION / RESOLUSI	1	2	3	4	5	6	7
FOR / MENYOKONG							
AGAINST / MENENTANG							

Please indicate with a "✓" in the spaces above, how you wish your vote to be cast. In the absence of specific instructions, the proxy will vote or abstain at his/her discretion.

Sila tandakan undian anda dengan "✓" dalam ruangan kosong di atas. Dalam keadaan tiada arahan tertentu, proksi anda akan mengundi atau tidak mengikut budibicaranya.

Signed this / *Ditandatangani pada* _____ day of / *haribulan* _____ 2007

.....
Signature / Common Seal of appointor
Tandatangan / Meterai Biasa Pelantik

Notes:

A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy does not need to be a member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The instrument appointing a proxy shall be in writing under the hands of the appointor or his attorney, duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney, duly authorised. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 1A Jalan 205, 46050 Petaling Jaya, Selangor Darul Ehsan, not less than forty eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

Nota-nota:

Seorang ahli yang berhak menghadiri dan mengundi di Mesyuarat ini adalah berhak untuk melantik seorang proksi atau proksi-proksi (tetapi tidak melebihi dua orang) untuk menghadiri dan mengundi bagi pihaknya. Jika seorang ahli melantik lebih daripada seorang proksi, perantukan tersebut adalah tidak sah kecuali beliau menyatakan bahagian pegangan beliau yang diwakili oleh setiap proksi. Seseorang proksi itu tidak semestinya ahli dan peruntukan Seksyen 149(1)(b) dalam Akta Syarikat, 1965 tidak berkuatkuasa di sini. Sekiranya ahli Syarikat adalah seorang nominee yang diberi kuasa seperti yang didefinisikan dibawah Akta Industri Sekuriti (Depositori Pusat), 1991, ia boleh melantik sekurang-kurangnya seorang proksi untuk setiap akaun sekuriti yang ia pegang dengan adanya saham-saham biasa Syarikat dalam kredit di akaun sekuriti tersebut. Suratcara pelantikan seseorang proksi itu mestilah secara bertulis di bawah tangan pelantik atau peguamnya yang diberi kuasa secara bertulis, atau sekiranya pelantik adalah sebuah perbadanan, maka suratcara tersebut hendaklah dimeterai atau ditandatangani oleh pegawai atau peguam yang diberi kuasa sewajarnya. Suratcara melantik proksi mestilah didepositkan di Pejabat Berdaftar Syarikat di 1A Jalan 205, 46050 Petaling Jaya, Selangor Darul Ehsan, tidak lewat daripada empat puluh lapan (48) jam sebelum masa yang ditetapkan untuk Mesyuarat ini atau sebarang penangguhannya.

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Postage

THE SECRETARY / SETIAUSAHA
HAP SENG CONSOLIDATED BERHAD
(Company No. 26877-W)

No. 1A Jalan 205, Off Jalan Tandang
46050 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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