

35/85

No. 43 of 1983

IN THE PRIVY COUNCIL

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O N A P P E A L

FROM THE FEDERAL COURT OF MALAYSIA HOLDEN AT  
JOHOR BAHRU  
(APPELLATE JURISDICTION)

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MAMOR SENDIRIAN BERHAD

Appellant  
(Plaintiff)

- and -

THE DIRECTOR GENERAL OF  
INLAND REVENUE

Respondent  
(Defendant)

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RECORD OF PROCEEDINGS

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Waterhouse & Co.,  
4 St. Paul's Churchyard,  
London  
EC4M 8BA.

Stephenson Harwood,  
Saddlers' Hall,  
Gutter Lane,  
London  
EC2V 6BS.

Solicitors for the Appellant

Solicitors for the Respondent

IN THE PRIVY COUNCIL

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O N A P P E A L

FROM THE FEDERAL COURT OF MALAYSIA HOLDEN AT  
JOHOR BAHRU  
(APPELLATE JURISDICTION)

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B E T W E E N :

MAMOR SENDIRIAN BERHAD

Appellant  
(Plaintiff)

- and -

THE DIRECTOR GENERAL OF  
INLAND REVENUE

Respondent  
(Defendant)

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RECORD OF PROCEEDINGS

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	<u>Description of Document</u>	<u>Date</u>
15.	Letter from Messrs. Goonting & Chew to Assistant Director of Inland Revenue	5th December 1974
16.	The Articles of Association of the Appellant Company	
17.	Letter in Malay from State Director of Forestry to Assistant Director of Inland Revenue, Johore, Bahru	9th July 1974

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IN THE PRIVY COUNCIL

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O N A P P E A L

FROM THE FEDERAL COURT OF MALAYSIA HOLDEN AT  
JOHOR BAHRU  
(APPELLATE JURISDICTION)

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B E T W E E N :

MAMOR SENDIRIAN BERHAD

Appellant  
(Plaintiff)

10

- and -

THE DIRECTOR GENERAL OF  
INLAND REVENUE

Respondent  
(Defendant)

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RECORD OF PROCEEDINGS

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No. 1

Deciding Order of the Special  
Commissioners of Income Tax

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M A L A Y S I A

THE SPECIAL COMMISSIONERS OF INCOME TAX

RAYUAN P.K.R.213

Between

Mamor Sendirian Berhad

Appellant

and

Director General of Inland  
Revenue

Respondent

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DECIDING ORDER

We, the Special Commissioners of Income Tax,  
find as follows:-

(i) the Appellant was incorporated under the

No. 1

Deciding  
Order of  
the Special  
Commissioners  
of Income  
Tax - 28th  
December  
1976

20



No. 1

Deciding  
Order of  
the Special  
Commissioners  
of Income  
Tax - 28th  
December  
1976  
(cont'd)

Companies Act, 1965, as a private company  
on the 14th day of May, 1968;

(ii) on the 30th day of November, 1968, the  
Appellant was informed by way of a notice  
that the Legislative Council of the  
Government of the State of Johore had agreed  
to allot to it a parcel of virgin jungle land  
described as Block 6 comprising an area of  
7,000 acres in the Mukim of Niyor for  
planting oil palm on payment of the various  
charges and subject to the terms and  
conditions stipulated in the said notice.  
Inter alia, two of these conditions were:

10

(a) the Appellant would be given the right  
to extract timber from the approved  
area; and

(b) the Appellant would be required to  
enter into an agreement with the  
Government with regard to the  
extraction of timber from the approved  
area;

20

(iii) the Appellant accepted the said allotment  
of land from the Government and an  
agreement was entered into on the 1st day  
of June, 1969, between the Appellant and  
the Government. In the preamble to the  
said agreement it was stated:

"Whereas the Lessee having been  
approved an area of approximately  
7,000 acres of State Land (hereinafter  
referred to as the "approved area") as  
outlined in red in the plan attached  
hereto for the purpose of planting  
Oil Palm is desirous of developing the  
area and exploiting timber therein.

30

In this Agreement "to exploit"  
and its cognate expression means to  
fell and log timber and to remove such  
timber from the area in which it has  
been felled."

40

(iv) that agreement also provided, among other  
conditions, that the Government agreed to  
grant to the Appellant the right to exploit  
all timber from the approved area subject  
to such terms and conditions as might be  
laid down by the Conservator of Forests,  
Johore;

- (v) the premium for alienation of the said Block 6 at the rate of \$100.00 per acre which included that for the right to extract timber at the rate of \$47.00 per acre, was paid by the Appellant on the 29th day of March, 1969;
- (vi) subsequent to the execution of the said agreement, the Appellant applied for a permit to commence logging and the permit was issued on the 29th day of April, 1970;
- (vii) the Appellant commenced logging operations in July, 1970;
- (viii) the Appellant was assessed to income tax, development tax and timber profits tax for the years of assessment 1971 to 1973 on the profits derived from the extraction and sale of timber for the relevant basis periods. The Appellant appealed against these assessments.

2. The issue before us was whether, on the one hand, the sums received by the Appellant from the extraction and sale of timber from the said land for the relevant basis periods were sums received in the course of development of the said land into an oil palm plantation and were capital receipts and not income from a separate business of timber operators carried on by the Appellant as mentioned in the Agreed Statement of Facts, or were, on the other hand, income chargeable to income tax, development tax and timber profits tax.

3. We, the Special Commissioners of Income Tax, after hearing the witnesses who were called by the Appellant and after considering the submissions made on behalf of the Appellant and the Respondent, decide that the sums received from the extraction and sale of timber from the said land for the relevant basis periods were income chargeable to income tax, development tax and timber profits tax.

Dated this 28th day of December, 1976.

Sd.  
(E.E. SIM)  
Presiding Special Commissioner  
of Income Tax

Sd.  
(T. SARAVANAMUTHU)  
Special Commissioner of Income Tax.

Sd.  
(TAN SRI LIM LEONG SENG)  
Special Commissioner of Income Tax.

In the High  
Court in  
Malaya at  
Johore Bahru

No. 2

Case Stated by the Special  
Commissioners of Income Tax

No. 2

Case Stated IN THE HIGH COURT IN MALAYA AT JOHORE BAHRU

by the

Special

Commissioners

of Income

Tax - 11th

April 1977

TAX APPEAL NO: / OF 1977

(Rayuan No. P.K.R. 213)

Mamor Sendirian Berhad

Appellant

v.

Director General of Inland Revenue

Respondent

CASE STATED by the Special Commissioners  
of Income Tax for the opinion of the High  
Court pursuant to paragraphs 34 and 35 of  
Schedule 5 to the Income Tax Act, 1967.

10

IN THE HIGH COURT IN MALAYA AT JOHORE BAHRU

TAX APPEAL NO. OF 1977

(Rayuan P.K. R.213)

Mamor Sendirian Berhad

Appellant

v.

Director General of Inland Revenue

Respondent

CASE STATED by the Special Commissioners  
of Income Tax for the opinion of the High  
Court pursuant to paragraphs 34 and 35  
of Schedule 5 to the Income Tax Act, 1967.

20

At meetings of the Special Commissioners held  
on 11th, 12th, 13th and 14th December, 1976, at  
Johore Bahru, Mamor Sendirian Berhad (hereinafter  
called "the Appellant") appealed against assessments  
of income tax, timber profits tax and development  
tax for the years of assessment 1971, 1972 and  
1973 of which the following notices of assessment  
all dated 7th July, 1973, were issued:-

30

Year of Assessment	Income Tax	Timber Profits Tax	Development Tax	Total	In the High Court in Malaya at Johore Bahru
1971	\$54,466.40	\$17,850.40	\$6,808.30	\$79,125.10	No. 2
1972	86,334.00	9,289.70	10,791.75	106,415.45	Case Stated by the Special Commissioners of Income Tax - 11th April 1977
1973	100,000.00	-	12,500.00	112,500.00	(cont'd)

10 The assessment of income tax and development tax for the year of assessment 1973 was amended to \$30,835.05 by the issue of a Reduced Assessment dated 21st December, 1974, as follows:-

Income Tax	-	\$26,944.40
Timber Profits Tax	-	522.60
Development Tax	-	<u>3,368.05</u>
		\$30,835.05
		=====

For the purpose of this appeal the original assessment for the year of assessment 1973 stands as no agreement was come to under section 101(3) of the Income Tax Act, 1967.

20 2. The question submitted for our consideration was whether the sums received by the Appellant from the extraction and sale of timber from the said land for the relevant basis periods were sums received in the course of development of the said land into an oil palm plantation and were capital receipts and not income from a separate business of timber operators carried on by the Appellant as mentioned in the Agreed Statement of Facts, or were, on the other hand, income chargeable to income tax, development tax and timber profits tax.

30 3. Encik M.K. Mathai, Accountant, assisted by Encik M.P. Vasudevan, Accountant, appeared for the Appellant and Encik Bakarudin bin Suleiman, Federal Counsel (Inland Revenue) represented the Respondent.

40 4. Dato Tsang Tak Chuen, former Managing Director of Mamor Sendirian Berhad, Encik Osman bin Abdul Ghani, Company Director and Planting Consultant, Encik Liew Kuek Hin, Director of Mamor Sendirian Berhad, Encik Mohd. Noor bin Abdul Rahim, Deputy Director of Lands and Mines, Johore, and Encik Ong Kah Bor, District Forest Officer, Kluang, gave evidence for the Appellant. The Respondent did not call any witness.

5. We gave our decision on 28th December, 1976, in a Deciding Order, which is attached hereto and marked 'A'. The Appellant by a notice dated 31st

IN the High Court in Malaya at Johore Bahru

No. 2  
Case Stated by the Special Commissioners of Income Tax - 11th April 1977 (cont'd)

December, 1976, requested a Case to be stated for the opinion of the High Court pursuant to paragraphs 34 and 35 of Schedule 5 to the Income Tax Act, 1967.

6. The following documents were submitted to us:-

Exhibit A1 - Agreed Statement of Facts and Bundle of Documents

" A2 - Accounts

" A3 - Photostat copy of a newspaper cutting.

" A4 - Letter from Mamor Sendirian Berhad to Pegawai Hutan Daerah, Kluang dated 20th April, 1970, and Plan Showing Demarcation Survey on Blocks 3, 2, 1, 4, 5 and 6 attached thereto.

10

" A5 - Photostat copy of Government Gazette Notification No. 1738 dated 22nd September, 1969.

" A6 - Letter from Pejabat Hutan Daerah, Kluang to Mamor Sdn. Bhd. dated 29th April, 1970 and

"A6(i) - Licence to Take Forest Produce dated 29th April, 1970

20

"A6(ii) - Additional Conditions of Licence & (iii)

"A6(iv) - Letter from Pejabat Hutan Daerah, Kluang to Mamor Sdn. Bhd. dated 29th April, 1970, and English language translation thereof.

" A7 - Letter from Mamor Sdn. Bhd. to Pegawai Hutan Daerah, Kluang dated 14th July, 1970.

30

" A7T - English language translation of A7

" A8 - Letter from Mamor Sdn. Bhd. to Pegawai Hutan Daerah, Kluang dated 20th Oct. 1970

" A8T - English language translation of A8

" A9 - Letter from Mamor Sdn. Bhd. to Pegawai Hutan Daerah, Kluang, dated 16th December 1970, and English language translation thereof.

- |    |   |  |
|----|---|--|
|    | Exhibit A10 - Letter from Mamor Sdn. Bhd. to Pegawai Hutan Daerah, Kluang dated 9th March, 1971.  | In the High Court in Malaya at <u>Johore Bahru</u>     |
|    | " A10T - English language translation of A10  | No. 2  |
|    | " A11 - Letter from Pejabat Hutan Daerah, Kluang to Mamor Sdn. Bhd. dated 22nd December, 1970.  | Case Stated by the Special Commissioners of Income Tax |
|    | " A11T - English language translation of A11  | 11th April 1977  |
| 10 | " A12 - Letter from Mamor Sdn. Bhd. to Pegawai Hutan Daerah, Kluang dated 3rd Feb. 1971   | (cont'd)   |
|    | " A12T - English language translation A12   |  |
|    | " A13 - Letter from Mamor Sdn. Bhd. to Pegawai Hutan Daerah, Kluang dated 31st March, 1971.   |  |
|    | " A13T - English language translation of A13  |  |
|    | " A14 - Letter from Mamor Sdn. Bhd. to Pegawai Hutan Daerah, Kluang dated 19th June, 1971   |  |
| 20 | " A14T - English language translation of A14  |  |
|    | " A15 - Letter from Mamor Sdn.Bhd. to Pegawai Hutan Daerah, Kluang dated 22nd September, 1971   |  |
|    | " A15T - English language translation of A15  |  |
|    | " A16 - Letter from Mamor Sdn.Bhd. to Pegawai Hutan Daerah, Kluang dated 21st December, 1971.   |  |
|    | " A16T - English language translation of A16  |  |
| 30 | " A17 - Letter from Pejabat Hutan Daerah, Kluang to Mamor Sdn.Bhd. dated 25th August, 1971 and English language translation thereof.    |  |
|    | " A18 - Letter from Mamor Sdn.Bhd. to Pegawai Hutan Daerah, Kluang dated 21st September, 1971 and English language translation thereof. |  |
|    | " A19 - Letter from Pejabat Hutan Daerah, Kluang to Mamor Sdn. Bhd. dated 8th August, 1972.   |  |

In the High Court in Malaya at Johore Bahru

No. 2

Case Stated by the Special Commissioners of Income Tax 11th April 1977

(cont'd)

- Exhibit A20 - Letter from Kumpulan Guthrie Sdn.Bhd. dated 8th November, 1971.
- " A21(a) - Statement of Account as of 31st March, 1970 from Chemara Research Sdn.Bhd. to Selamat Plantation Ltd.
- " A21(b) - Debit Note from Chemara Agricultural Services to Selamat Plantation Ltd. dated 30th January, 1970
- " A21(c) - Debit Note from Chemara Agricultural Services to Selamat Plantation Ltd. dated 30th March, 1970. 10
- " A21(d) - Debit Note from Chemara Agricultural Services to Selamat Plantation Ltd. dated 28th February, 1970.
- " A22(a) - Letter from Selamat Plantation Ltd. to Chemara Reserach Station dated 6th November, 1969.
- " A22(b) - letter from Kumpulan Guthrie Sdn.Bhd. to Dato' Tsang Tak Chuen dated 18th October, 1969. 20
- " A23 - Circular Resolution of Mamor Sdn.Bhd. dated 18th March, 1969.
- " A24 - Circular Resolution of Mamor Sdn.Bhd. dated 30th August, 1969.
- " A25 - Minutes of Meeting of Directors of Mamor Sdn. Bhd. held on 3rd December, 1972.
- " A26 - Summary of Estate Development Expenditure from January, 1971 to June, 1974 of Mamor Sdn. Bhd. 30
- " A27 - Receipt for \$719,524.00 dated 29th March, 1969.
- " A28 - Letter from Pejabat Pesuruhjaya Tanah dan Galian, Johore to Sharikat Chua, Johore Bahru dated 5th July, 1969.
- " R29(a) - Memo from State Executive Council to Conservator of Forests, Johore dated 1st January, 1970.
- " R29(b) - Notice from Chairman of Land Revenue Committee dated 17th January, 1970. 40

Exhibit R29(c) - Memo on Land Scheme for Planting Oil Palm dated 23rd November, 1969.

In the High Court in Malaya at Johore Bahru

" R29(d) - Letter from Conservator of Forests, Johore to Commissioner of Lands and Mines dated 5th October, 1969.

No. 2 Case Stated by the Special Commissioners of Income Tax 11th April 1977

" R29(e) - Letter from Conservator of Forests to Commissioner of Lands and Mines dated 26th May, 1968.

(cont'd)

10 7. As a result of the evidence, both oral and documentary, adduced before us, we found the following facts proved or admitted:-

(i) The Appellant was incorporated under the Companies Act, 1965, as a private limited company on 14th May, 1968.

(ii) The objects for which the Appellant was established were, inter alia:-

20 (a) "(1) To carry on the business of planters and cultivators of and dealers in all kinds and descriptions of produce, including rubber, guttapercha, jelutong, tea, coffee, cinchona, pineapple, coconuts, sugar, sago, tapioca, pepper, gambier, palm oil and other produce of the soil and to prepare, manufacture and render marketable any such produce, and to sell, dispose of and deal in any such produce either in its raw state or as prepared or manufactured and either by wholesale or retail."

30

40 (b) "(19) To carry on business as timber merchants, saw-mill proprietors, and timber growers, and to buy, sell, grow, prepare for market, manipulate, import, export, and deal in timber and wood of all kinds, and to manufacture and deal in articles of all kinds in the manufacture of which timber or wood is used, and to carry on business as shipowners, and carriers by land and sea, and, so far as may be deemed expedient, the business of general merchants, and to buy, clear, plant, and work timber estates, and to carry on any other businesses which may seem to the Company capable of being conveniently carried on in connection with any of the above, or calculated directly or indirectly to render profitable or enhance the value of the Company's property or rights for the time being."

50



In the High Court in Malaya at Johore Bahru

No. 2

Case Stated

by the Special

Commissioners

of Income Tax

11th April

1977

(cont'd)

Either of these two objects or any of the objects specified in the Memorandum of Association of the Appellant may be pursued by the Appellant as an independent object either alone or in conjunction with all or any one or more of the other objects.

- (iii) Prior to the Appellant's incorporation it was known that the Johore State Government was contemplating a scheme to alienate State land to the private sector for development purposes. Subsequently there was an announcement by the Johore State Government and reported in the 21st August, 1968 issue of the Straits Times, (Exhibit A3), that the Government would on application alienate on a 99 year lease 42,000 acres of virgin jungle land in the district of Kluang and 7,000 acres of Government land at Sungei Pangali to the private sector for oil palm plantation development and that each successful applicant would be given 7,000 acres for such development. Whereas for the virgin jungle land a premium of \$100.00 per acre with a refundable deposit of \$70,000.00 was payable by the successful applicant when signing the agreement, for the 7,000 acres of Government land, at Sungei Pengali the successful applicant need only pay a premium of \$60.00 per acre but he would not be required to pay any deposit. The successful applicant would be required to surrender 1,500 acres of the oil palm plantation when developed to the newly formed Johore State Development Corporation for re-alienation to smallholders, (Exhibit A3). 10  
20  
30
- (iv) The two subscribers to the Appellant's Memorandum and Articles of Association were Encik Tan Kim Seng and Encik Tham Poh Yen, (Exhibit A1-folio 74). They were also the only two directors and first shareholders of the Appellant and each held one share of \$1.00 each until 18th March, 1969, when they transferred their shares to Dato' Tsang Tak Chuen and Encik Tan Oon Kiam respectively for no extra consideration and resigned their directorship in the Appellant as well, (Exhibit A23). At the hearing before us, Dato' Tsang Tak Chuen claimed that Encik Tan Kim Seng and Encik Tham Poh Yen were both his nominees for the purpose of forming the Company which was to apply for land for development purposes. There was, however, no documentary evidence to substantiate his claim. 40  
50

The share capital of the Appellant was increased by the issue of 829,998 shares of \$1.00 each on 30th August, 1969, (Exhibit A24) and the total shares of \$830,000 were transferred to Messrs Low Nam Hui Co. Sdn. Bhd. on 3rd December, 1972, (Exhibit A25).

In the High Court in Malaya at Johore Bahru

No. 2  
Case Stated  
by the  
Special  
Commissioners  
of Income Tax  
11th April  
1977  
(cont'd)

- 10 (v) The Appellant was informed by way of a notice dated 30th November, 1968 (Exhibit A1-folio 28), that the Legislative Council of the Government of the State of Johore had agreed as part of the overall scheme of oil palm plantation development to allot a parcel of virgin jungle land described as Block 6 comprising an area of approximately 7,000 acres in the Mukim of Niyor in the district of Kluang, Johore, for development into an oil palm plantation subject to payment of various charges and to certain terms and conditions as stipulated in the notice. These included, inter alia, the following:-
- 20 (a) the Appellant would be given the right to extract timber from the land;
- (b) the Appellant would be required to enter into an agreement with the State Government with regard to the extraction of timber from the land;
- 30 (c) the payment of certain specified charges totalling \$719,524.00, (Exhibit A1-folio 29), which included a premium of \$700,000 for alienation of the said 7,000 acres at the rate of \$100.00 per acre, (Exhibit A1-folio 29). This \$100.00 premium included a premium of \$47.00 per acre for the right to extract timber from the said land, (Exhibit R29(c), (d) and (e)).

40 On 29th March, 1969, the Appellant paid to the Collector of Land Revenue the said sum of \$719,524.00, (Exhibit A27).

- (vi) Pursuant to the terms and conditions contained in the said notice the Appellant entered into an agreement with the State Government on 1st June, 1969, (Exhibit A1-folio 31). The preamble to the agreement reads as follows:-

"Whereas the Lessee having been approved an area of approximately 7,000 acres of

In the High  
Court in  
Malaya at  
Johore Bahru

No. 2  
Case Stated  
by the  
Special  
Commissioners  
of Income Tax  
11th April  
1977  
(cont'd)

State Land (hereinafter referred to as the "approved area") as outlined in red in the plan attached hereto for the purpose of planting Oil Palm is desirous of developing the area and exploiting timber therein.

In this Agreement "to exploit" and its cognate expression means to fell and log timber and to remove such timber from the area in which it has been felled." 10

Inter alia, the agreement also provided that:-

- (a) the Appellant should develop and plant with oil palm the approved area of 7,000 acres at the rate of 1,000 acres per year, subject to modifications from time to time as agreed between the Appellant and the Government;
- (b) the Appellant should hand over to the Government 1,500 acres fully planted with oil palm to the satisfaction of the Government; 20
- (c) the Government should pay the Appellant the actual cost of developing the 1,500 acres together with interest calculated at 3½% annually. The cost of development would be the total cost actually incurred by the Appellant for felling, burning, clearing, pruning, planting and would also include cost of drainage and maintaining the area and the cultivation thereof with approved planting materials of oil palm seedlings; 30
- (d) the Government should grant to the Appellant the right to exploit all timber from the approved area subject to such terms and conditions as laid down by the Conservator of Forests, Johore;
- (e) during the continuance of the agreement the Government after the issue of the first licence to log should issue to the Appellant a sufficient number of further licences to enable the Appellant to exploit an area of 1,000 acres each year; 40
- (f) the Appellant should pay the Government royalty on all timber cut in or removed from any area within the approved area and on any timber in such area which in

the opinion of the Conservator of Forests or the District Forest Officer was economically utilisable but which through failure of the Appellant to exploit the area to the satisfaction of the Conservator of Forests had not been removed;

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- 10 (g) the rate of royalty would be those applicable under the provisions of the Forest Enactment for the time being in force;
- (h) the Appellant should deposit in the first instance a sum of \$70,000 with the Forest Department Johore;
- 20 (i) unless otherwise authorised by the Conservator of Forests the Appellant should fell and remove all trees from the approved area of 5 feet girth and above, measured from a height of 4½ feet from the ground. For failure to fell or remove any tree, the Appellant should pay on demand by way of compensation a sum not exceeding \$20.00 per tree;
- (j) the agreement would determine free from all encumbrances and without payment of compensation upon cancellation by the Government by written notice to the Appellant for breach of any of its terms and conditions.
- 30 (vii) On 2nd June, 1969, the said Block 6 was alienated to the Appellant by way of a qualified title with certain conditions attached thereto, (Exhibit A1-folio 36). The State Government normally would not alienate land with exploitable timber for development purposes, the normal practice being to alienate only di-timbered land (sic) for such purposes. This departure from the normal practice was intended to accelerate the oil palm development scheme by telescoping the extraction of timber to the development of the land.
- 40 (viii) On 3rd January, 1970, the Appellant entered into an agreement with Syarikat Kilang Papan Low Nam Hui Sdn.Bhd. (hereinafter referred to as the "contractor") to extract the marketable timber from the land covered by the agreement referred to in sub-paragraph (vi) above. This agreement, (Exhibit A1-

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folio 38) provided, inter alia, that:

- (a) the Appellant would grant to the contractor the right to enter and extract all marketable timber from the said land until the whole area had been worked out;
- (b) the contractor would extract those timbers which by measurement of girth were 16 inch and above and they should be of special considered profitable and marketable in West Malaysia and Singapore; 10
- (c) the Appellant would pay to the contractor at the rate of \$20.00 per ton of timber extracted and delivered to the main stockpiles along the main road in the logging area;
- (d) the contractor would undertake to construct a main road through the said land as marked in the sketch plan, (Exhibit A1-folio 42) and to construct the necessary logging tracks, bridges and culverts to facilitate transport of felled timber. The contractor should also maintain the main road in a serviceable condition for the passing and re-passing of timber lorries; and 20
- (e) the contractor should log and fell marketable timber at the rate of 100 acres per month and should provide a sufficient number of winch lorries for logging operations. 30
- (ix) An area of approximately 50,000 acres which included the said Block 6 was de-gazetted as a forest reserve on 22nd September, 1969, (Exhibit A5).
- (x) The first logging licence was applied for and approved in April, 1970, and the Appellant commenced logging operations on 20th July, 1970. The said licence, inter alia, required the Appellant to fell and remove all trees of 5 feet girth and above and, if desired, the Appellant might further fell all trees of girth below 5 feet. 40
- (xi) During the relevant basis periods in respect of which assessments of income tax, timber

profits tax and development tax were made by the Respondent, only two blocks of 1,000 acres each were exploited. Each block of 1,000 acres was divided into sub-blocks of 250 acres each and were marked A, B, C, D, E, F, G and H in the plan attached to Exhibit A4. The modus operandi for the development of the land as stipulated by the Forest Department was that 80% of the first sub-block of 250 acres should be exploited before the Appellant could move into the next sub-block and entry into the third sub-block would be allowed only after the whole of the first sub-block and 80% of the second sub-block had been exploited. This sequence of exploitation was to be followed in all the remaining sub-blocks. The sequence of exploitation in respect of the first two blocks of 1,000 acres each was sub-blocks C, A, D, and B and E, F, G and H.

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(xii) The Appellant could not commence development of the first 1,000 acres until felling of 2,000 acres had been completed. The first block of 1,000 acres comprising sub-blocks C, A, D and B and the second block of 1,000 acres comprising sub-blocks E, F, G and H were completely cleared in September, 1971, and after September, 1972, respectively. Exploitation of the third block of 1,000 acres could not commence until after the first block of 1,000 acres had been planted with oil palm.

(xiii) The overall delay to clear the land for development purposes was explained to have been caused by floods, construction of bridges and access roads and the difficulties in obtaining right of way through a neighbouring estate and numerous kampongs. However, despite some degree of selective logging by the contractor the explanation was accepted by the authorities concerned without penalty. However, certain modifications to the terms and conditions of the agreement of 1st June, 1969, were made following a meeting on 26th June, 1971, between the allottees of the 49,000 acres of land (including the Appellant) and the State Government, (Exhibit A1-folio 50).

(xiv) The timber extracted by the contractor which was of several species and grades were delivered to certain specified stockpiles. Not all timber delivered to the stockpiles were sold. The ones with hollows, not straight or of miscellaneous variety were left in the stockpiles.

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- (xv) The Appellant which did not have any experience in the timber market appointed Pan-Singapore Timber Enterprise Company of Singapore as its agents to find buyers for the cut timber and to arrange sales thereof. The buyers sent their lorries to the stockpiles and removed the timber therefrom across the causeway to Singapore, the Appellant receiving only an agreed sale price less transport charges, export duty and related expenses. A sales commission was also paid by the Appellant to the Pan-Singapore Timber Enterprise Company. 10
- (xvi) The Working and Profit and Loss Account of the Appellant for the relevant years, however, recorded the gross sale proceeds and the related expenses in full, (Exhibit A2-folio 5, 8 and 18). The Appellant also maintained an Estate Development Account which showed a cumulative total of \$491,536.00 in its Balance Sheet as at 30th June, 1973, (Exhibit A2-folio 13). 20
- (xvii) The Appellant had arranged some time in 1970 with Selamat Plantations Ltd., an associated company, to be supplied with oil palm seedlings but when the seedlings were available for delivery to the Appellant in 1971, the land was not ready for planting and they were not made use of. However, the Appellant did not have to pay for the seedlings. Later, when the land was ready for planting there were difficulties in obtaining supplies of oil palm seedlings and all the shares in the Appellant company as stated in sub-paragraph (iv) above were transferred to Low Nam Hui Co. Sdn.Bhd. which had oil palm seeds available for use. 30
- (xviii) At the time of take-over of the Appellant by Low Nam Hui Company Sdn. Bhd. in December 1972, the first 2,000 acres had been logged but not cleared or readied for planting oil palm. Substantial expenditure on further felling and clearing and on establishing an oil palm nursery was incurred by the Appellant in early 1973, (Exhibit A26). Thereafter, development of the oil palm plantation commenced in earnest and at the time of this hearing all but 300 acres were yet to be planted with oil palm. The Appellant had already surrendered to the State Government the agreed 1,500 acres oil 40 50

palm plantation for which the Appellant received with reservation reimbursement at the rate of \$300.00 per acre.

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8. It was contended on behalf of the Appellant that:-

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(i) the proceeds of sale of the timber extracted from the approved area during the relevant basis periods were merely receipts incidental to the development of the oil palm plantation and not income from a trade carried on by the Appellant;

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(ii) the 7,000 acres were alienated to the Appellant for the purpose of planting oil palm. The land in question which had timber on it was not acquired for the purpose of carrying on timber operations or exploiting timber. It was acquired for the sole purpose of developing the land for planting oil palm and thereafter to work the oil palm plantation so developed. To enable the Appellant to commence the planting of oil palm it was necessary for the timber to be cleared from the land. The logging operations carried out over the land was a pre-requisite to planting. It was an activity taking place prior to the commencement of the business of working a plantation which was one of the main purposes for which the company was formed and the purpose for which the land was alienated to the Appellant;

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(iii) the clearing of timber from the said land might be compared to the case of a company which was intending to go into manufacturing. The construction of a factory and the installation of machinery might be said to be pre-requisites to the commencement of the manufacturing business. All activities taking place prior to the commencement of the business - for the purpose of commencing a business - could not be regarded as operations taking place in carrying on with that business or to be part of that business. The Appellant could not be regarded as having commenced its business of planting when it extracted and sold the timber from the approved area since such activities could only be regarded as preparation for the commencement of its business and therefore any sums received before its business commenced could not be income from that business.

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- (iv) under the Johore State Forest Enactment, no forest produce could (with certain minor exceptions) be cut and removed from a forest reserve, whether State or alienated land, unless a licence had been obtained for that purpose from the Conservator of Forests. Since the land alienated to the Appellant had commercial timber standing on it, the State Government had to agree to allow the Appellant to extract the timber. In the agreement of 1st June, 1969, the State Government specifically undertook to issue the necessary licence for the extraction of timber from the said land and to grant renewals thereof provided that the Appellant complied with the terms and conditions of the agreement, the most important of which was that the Appellant carried out the development of the land in accordance with the agreement. Having alienated the land to the Appellant it was incumbent on the State Government to grant the licence to extract timber as without the licence the Appellant could not have commenced work to develop the land; 10
- (v) the premium and other charges paid by the Appellant were for the alienation of the said land and not for the rights to take timber insofar as the Appellant was concerned. No part of the premium of \$100.00 per acre was for such rights nor was there any suggestion either in correspondence with or in any notice issued to the Appellant that any part of the premium was referable to such rights; 20 30
- (vi) "land" is defined in the National Land Code to include all vegetation and other natural products whether or not requiring periodical application of labour to their production. The land alienated to the Appellant was a capital asset and therefore by definition all vegetation (including the timber) growing thereon was part of that capital asset; 40
- (vii) certain case law would indicate that standing timber on land was part of a capital asset and that the disposal thereof either for a capital sum or by reference to the volume of timber extracted was a receipt of capital. These authorities would also emphasise the fact that standing timber in relation to the land as such was a capital asset except in the case of a person who carried on the business of dealing in timber cutting rights or 50

concessions. In the case of a person carrying on the business of working a forest the concession would be his capital asset and ordinarily the timber only would become his stock-in-trade when it had been cut and reduced to saleable goods. Where the quantity of standing timber was known and the volume was not large, the timber itself could be stock-in-trade but where the extraction and sale of the timber were not activities taking place in the course of carrying on a trade or incidental to a trade which was carried on, the proceeds of sale were not income;

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(viii) the Appellant's business was that of planters and before that business could be commenced, a considerable amount of preliminary work was involved since the land alienated to the Appellant was virgin jungle land. In the case of such land, the preliminary activities which would have to be undertaken would generally be:

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- (a) clearing the land of standing timber in accordance with the State Forest Enactment;
- (b) felling, burning and clearing the land of remaining trees and shrubs as well as destumping;
- (c) terracing of hilly contours;
- (d) planting cover crops;
- (e) lining, holing and filling;
- (f) drainage;
- (g) preparation of nursery and upkeep thereof including installation and maintenance of water sprinkler system;
- (h) spraying, ploughing and harrowing; and
- (i) construction of roads, paths and bridges.

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It was only after these activities had been completed that the oil palm seedlings could be transferred to the land for planting;

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(ix) the timber on the land alienated to the Appellant was part of its capital asset and

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the disposal of the timber for the purpose of getting the land ready for planting of oil palm was a disposal of part of the asset and the proceeds of sale should properly be regarded as capital receipts;

(x) to be able to prepare the land for planting the Appellant had to clear the land of standing timber. Under the agreement of 1st June, 1969, and the Licence to Take Forest Produce, such clearing had to be done in a particular manner and whether or not the Appellant cut and removed the timber it had to pay the specified royalties. If the Appellant failed to fell and remove timber in the manner specified it was also liable to pay compensation of \$20.00 per tree. Given these facts any rational person could be expected to minimise his expenditure by disposing all the saleable timber. The Appellant adopted the most convenient method of doing this. An agent was appointed to find buyers for the different species of timber available. They were taken by the buyers from the stockpiles and transported therefrom by lorries provided by the buyers themselves. These activities did not amount to the carrying on of a trade;

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(xi) when the said land was alienated to the Appellant, the Appellant became the owner of the land as well as the timber subject to conditions stated in the agreement of 1st June, 1969. For the purposes of the business the Appellant intended to carry on, it had to get rid of the timber. The Appellant sold the timber as owner and not as trader;

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(xii) the Appellant was alienated the land for the specific purpose of developing an oil palm plantation as part of the State Government's smallholder programme. It was not granted to the Appellant for the purpose of carrying on logging operations;

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(xiii) during the relevant basis periods for the years of assessment under appeal, the Appellant was carrying out preparatory work with a view to commencing planting. It was, therefore, not carrying on a business and had no income from the business even after the planting was commenced. The proceeds of sale of timber in the course of developing the remaining acres were not income from timber operations as the business of the Appellant was that of working a plantation and not that of timber operators;

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10 (xiv) the Appellant was only disposing of timber as owner of the said land and the extraction of the timber and sale were not acts taking place in the course of carrying on a separate business but in the course of preparing to commence its business of oil palm plantation development. As timber was part of the Appellant's capital asset, the sale of timber was merely a realisation of capital and the proceeds of sale were therefore capital receipts;

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(xv) if it was held that the proceeds of sale of timber were capital receipts of the Appellant then the Appellant did not have income from timber operations and would therefore not be chargeable to timber profits tax.

20 9. It was contended on behalf of the Respondent that:-

(i) the sums received by the Appellant were assessable to income tax under section 4(a) or 4(f) of the Income Tax Act, 1967, and to timber profits tax and development tax under section 16(1) and section 20 of the Supplementary Income Tax Act, 1967, respectively;

30 (ii) the activities of the Appellant which led eventually to the sale of timber were trading activities or an adventure in the nature of trade;

(iii) the Appellant was trading since it carried out activities outlined in the objects of its Memorandum of Association;

(iv) the Appellant accepted the State Government's allotment of the said land of 7,000 acres for the planting of oil palm with the following conditions, inter alia, attached thereto -

40 (a) the right to extract timber from the said land; and

(b) the requirement to enter into an agreement with the State Government with regard to the extraction of timber from the said land.

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The acceptance of those conditions by the Appellant was indicative of the fact that the Appellant wished to do logging business and this contention was reinforced by the preamble to the agreement entered into between the Appellant and the State Government on 1st June 1969, which reads as follows:-

"Whereas the lessee having been approved an area of approximately 7,000 acres of State land (hereinafter referred to as the "approved area") as outlined in red in the plan attached hereto for the purpose of Oil Palm is desirous of developing the area and exploiting the timber therein. 10

In this Agreement "to exploit" and its cognate expression means to fell and log timber and to remove such timber from the area in which it has been felled." 20

- (v) the Appellant was aware that there were two different activities involved, i.e. developing the area for oil palm and exploiting timber. The timber had to be exploited first before the land could be cleared and by exploiting the timber the Appellant was doing a business;
- (vi) for the purpose of exploiting the timber the Appellant applied for timber logging licences, signed an agreement with a company well-known for its logging activities on terms which were normal for such trade, had timber cut to marketable and transportable sizes, commissioned a reputable firm to market the logs, paid the necessary royalties, arranged for the payment of transport charges and export duty by the purchasers of the logs and complied with the normal rules and conditions attached to timber logging licences. These were the necessary activities of a timber business. 30 40

- 10 (vii) there was organised and systematic exploitation of the timber on the said land having regard to the substantial expenditure incurred on royalties, premium, sales commission, export duty, transport charges and other miscellaneous charges. This exploitation was a necessary activity of the Appellant under the terms of the lease of the said land and not incidental to the development of an oil palm plantation;
- 20 (viii) although oil palm development was the first object clause of the Memorandum of Association of the Appellant, it certainly was not the principal object of the Appellant. For the first three years the Appellant was busy logging and selling timber extracted from the said land. The Appellant was trading as a timber merchant for the whole of the relevant basis periods;
- 30 (ix) even if it was conceded that the land alienated to the Appellant was a capital asset and the timber growing thereon formed part of the capital asset of the Appellant by virtue of the definition of "land" in the National Land Code and therefore exploitation of the timber by the Appellant was a realisation of capital, the Appellant was embarking on a trade in realising the capital. The Appellant was trading when it exploited and sold the timber. The Appellant did not realise the capital per se but undertook trading activities to realise the capital;
- 40 (x) the process of alienation of land with commercial timber thereon normally consisted of two stages, one of alienation of land and the other of extraction of timber and a different premium was payable in each stage. The State Government never alienated land for these two stages simultaneously. However, in this instant case both stages were combined because the State Government wanted to speed up the oil palm development scheme;
- (xi) the Appellant specifically undertook to exploit the timber and in fact did just that for the whole of the relevant basis periods, the development of the oil palm plantation to be carried out later when the exploitation of the timber was partly completed;
- 50 (xii) the Appellant had only \$2.00 paid up capital when the said land was alienated to it. The

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claim by the Appellant that it was incorporated to apply for the land and develop it into an oil palm estate had not been substantiated;

- (xiii) the Appellant exploited the timber first and then used the profits therefrom for development of the oil palm plantation;
- (xiv) the Appellant did not have any oil palm seedlings for use on the cleared land and before planting could commence all the shares in the Appellant had been disposed of; 10
- (xv) the Appellant had not discharged the onus of proof that it was not trading when it exploited and sold the timber from the said land. There was, however, evidence to confirm that the Appellant was in fact engaged in exploiting timber during the relevant basis periods for the years of assessment 1971, 1972 and 1973; and 20
- (xvi) the Appellant had failed to rebut the contention of the Respondent that it was trading when it exploited and sold the timber from the said land.

10. The following authorities were cited to us:-

1. Inland Revenue Commissioners v Hydland Investment Co. Ltd., 14 T.C. 694, 699
2. Vallambrosa Rubber Co. Ltd. v Farmer 5 T.C. 529, 537
3. Nathan v F.C. of T (1918), 25 C.L.R. 183 30
4. Director General of Inland Revenue v A.L.B. Co. Sdn. Bhd. (1975) 2 M.L.J. 26, 27
5. Rhodesia Metals Ltd. v Tax Commissioner (South Africa) (1940), 2 All E.R. 422, 426
6. C. of T. (N.S.W.) v Cam & Sons Ltd. (1936) S.R. (N.S.W.) 544
7. Diggines v Forestal Land, Timber and Railway Co. Ltd., 15 T.C. 630, 653, 657
8. Thomson v Deputy Federal Commissioner of Taxation (1929), 43 C.L.R. 360, 363 40

9. Stanton v Federal Commissioner of Taxation (1955), 92 C.L.R. 630
10. McCauley v Federal Commissioner of Taxation (1944), 69 C.L.R. 235, 239, 240
11. Hopwood v C.N. Spencer, 42 T.C.169
12. 8 C.T.B.R. (N.S.) Case 2
13. California Copper Syndicate v Harris, T T.C. 159, 165
- 10 14. Hudson's Bay Co. v. Stevens, 5 T.C. 424, 437
15. The Scottish Australian Mining Co. Ltd. v. F.C. of T (1950), 81 C.L.R. 188, 195
16. C of T. v British Australian Wool Realization Association (1931) A.C.224
17. Fry v Burma Corporation Ltd. (1930) 15 T.C. 113, 144
18. C.I.R. v Livingston and Others, 11 T.C. 542
19. Balgownie Land Trust Ltd. v. C.I.R. 14 T.C. 692
- 20 20. Collins v The Fifth Brearley Stainless Steel Syndicate Ltd. 9 T.C. 564
21. Income Tax Act, 1967
22. Supplementary Income Tax Act, 1967.

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11. We, the Special Commissioners, who heard the appeal gave our decision in a Deciding Order (annexure 'A') and in accordance with paragraph 37(a) of Schedule 5 to the Income Tax Act, 1967, which requires us to give the grounds of our decision, state as follows:-

- 30 (i) On both the oral and documentary evidence adduced before us, we found that the facts of the case were as stated in paragraph 7 above.
- (ii) The Appellant was assessed to income tax, development tax and timber profits tax on the sums received from the extraction and sale of timber from the said land for the relevant basis periods for the years of assessment 1971, 1972 and 1973 and the question before



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us was whether such sums were received by the Appellant in the course of development of the said land into an oil palm plantation and were capital receipts and not income from a separate business of timber operators carried on by the Appellant or whether such sums were income chargeable to income tax, development tax and timber profits tax.

Accountant for the Appellant contended that the sole business of the Appellant during the relevant basis periods was to develop the land in question for planting oil palm in pursuance of its principal object as set out in clause 3(1) of the Appellant's Memorandum of Association, to wit, to carry on the business of planters and cultivators of oil palm. The Appellant had accordingly applied for and was alienated approximately 7,000 acres of virgin jungle land in the Kluang District, the alienation being subject, among others, to the following more pertinent conditions -

(a) the Appellant would be given the right to extract the timber standing on the said land;

(b) the Appellant would be required to enter into an agreement with the State Government for the extraction of such timber; and

(c) the Appellant would need to pay to the State Government before signature of the said agreement a sum of \$719,524.00 which included a premium of \$700,000.00 for the alienation of the said 7,000 acres at the rate of \$100.00 per acre.

(iv) At about the same time the State Government also alienated 7,000 acres each to six other successful applicants. The total 49,000 acres so alienated comprised 42,000 acres of virgin jungle land in the Kluang District and 7,000 acres of Government land at Sungei Pengali. These alienations were the nucleus of an overall oil palm plantation development programme initiated by the State Government to enable smallholders in Johore to participate in the oil palm industry by requiring as a further condition of the alienation the surrender by each successful

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applicant to the State Government of 1,500 acres of developed oil palm plantation for the benefit of the smallholders.

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10 (v) It was emphasised by the Appellant's Accountant that it did not acquire the said land, albeit the land had exploitable timber on it, for the purpose of carrying on timber operations or of exploiting the timber, but that it was acquired for the sole purpose of developing and converting the said land into an oil palm plantation. The State Government having alienated the said land to the Appellant with the condition that it would be given the right to extract the timber from the said land, was obliged to grant the requisite licences to the Appellant to extract the timber thereon subject to the terms and conditions of the agreement entered into between the Appellant and the State Government on 1st June, 1969, and also the terms and conditions as laid down by the Conservator of Forests, Johore. This timber extraction exercise it was argued was a necessary prelude to preparing the land in question for oil palm planting. It was a prerequisite to such planting. Accountant for the Appellant also argued that the extraction of timber from the said land was to enable the Appellant to carry out its main object of developing the said land into an oil palm plantation and it did not constitute a separate and distinct trading activity in which the Appellant engaged itself before planting oil palm. The sums received from the extraction and sale of the timber from the said land were therefore received by the Appellant in the course of development of the said land into an oil palm plantation and were capital receipts and not income from a separate business of timber operations carried on by the Appellant. Nor were these sums chargeable to income tax, development tax and timber profits tax.

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50 (vi) On the other hand, Counsel for the Respondent contended that the sums received from the extraction and sale of timber were gains or profits from a business of timber operations carried on by the Appellant during the relevant basis periods and that clause 3(19) of the Memorandum of Association of the Appellant empowered the Appellant to carry on such business.

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(vii) Respondent's Counsel also contended that the Appellant was aware there were two different activities involved,

- (a) extracting and selling timber standing on the said land; and
- (b) developing the said land into an oil palm plantation,

and that before such development could take place, the timber had first to be extracted by the Appellant. For this purpose, the Appellant entered into an agreement with Syarikat Kilang Papan Low Nam Hui Sdn. Bhd., an experienced and sizeable logging contractor, to extract all marketable timber from the said land. It was significant that whilst the agreement with the State Government required the Appellant to fell and remove all trees of 5 feet girth and above, the agreement with the logging contractor specifically provided for the extraction of "only those timber of 16 inch girth and above" and "of specie considered profitable and marketable in West Malaysia and Singapore" and in the case of "chap char" of 20 inch girth and above unless otherwise requested by the Appellant. It was therefore, contended by Counsel for the Respondent that this extraction and sale of profitable and marketable timber down to 16 inch girth was characteristic of a commercial exploitation of timber and this contention was further reinforced by the manner in which the cut timber from the said land was disposed of, (see paragraph 7(xv) above).

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(viii) For the following reasons we agreed with the contentions of Counsel for the Respondent that there were two different activities, viz, the extraction and sale of timber from the said land and the development of the said land into an oil palm plantation and that in extracting and selling the said timber the Appellant was commercially exploiting the said timber as set out in sub-paragraph (vii) above:-

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- (a) The Appellant was established only when it became known that the State Government was contemplating a scheme to alienate State land to the private sector for development purposes. When applications were invited for participation in the proposed State Government oil palm plantation development

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programme, the Appellant successfully applied for and was allotted 7,000 acres of virgin jungle land;

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- 10 (b) The Appellant applied for land ostensibly to participate in the proposed State Government oil palm development scheme and accepted the allotment of 7,000 acres of virgin jungle land with the condition that the State Government would grant the Appellant the right to extract timber from the said land for which the Appellant would enter into agreement with the State Government;
- 20 (c) In the agreement entered into between the Appellant and the State Government it was stated that for the purpose of planting oil palm the Appellant was desirous of developing the said land and exploiting timber thereon. We were of the considered opinion that the exploitation of timber and the development of the said land were two different activities;
- 30 (d) For the alienation of the said land a premium of \$700,000 at the rate of \$100 per acre was paid by the Appellant. The latter sum included a forest premium of \$47 per acre exclusively for the right to extract timber from the said land. Accountant for the Appellant however contended that this division of the \$100 premium was never communicated by the State Government to the Appellant. In any event, non-communication of this information to the Appellant by the State Government, in our opinion, had no bearing on the question of whether the sums received were capital receipts or revenue receipts. We are of the opinion that in exercising the right to extract timber from the said land for which the forest premium was paid the Appellant was engaged in a trade of exploitation of timber and not in activities in the course of development of the said land into an oil palm plantation;
- 40 (e) We had the evidence of the Deputy Director of Lands and Mines, Johore, and the Kluang District Forest Officer that the State Government would not normally alienate land with standing timber for development purposes.
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No.2  
Case Stated  
by the  
Special  
Commissioners  
of Income Tax  
11th April  
1977  
(cont'd)

The timber would have first to be extracted from the land under a licence from the Forest Department before it would be alienated for development under the National Land Code. The extraction of timber from any land and the development of such land need not be contemporaneous nor necessarily be by the same person. However, in this instant case, these two activities because of the terms and conditions of the alienation became the sole responsibility of the Appellant;

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(f) The Appellant had agreed to develop the said land and exploit the timber thereon as stated in the preamble to the agreement of 1st June, 1969, and in carrying out this agreement, the Appellant had indeed been engaged in these two different activities;

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(g) We found the timber extraction activities of the Appellant were very similar to those of a timber operator and they were consistent with the claim by Counsel for the Respondent that there was an organised and systematic exploitation of timber on the said land. What actually took place was primarily the exploitation of profitable and marketable timber in West Malaysia and Singapore as stipulated in paragraph 3 of the agreement (Exhibit A1 - folio 39), and these activities could not have supported the Appellant's claim that its sole business was development and conversion of the said land into an oil palm plantation. The Appellant was indeed trading as a timber operator and was embarking on a trade when it exploited and sold the timber with the assistance of Syarikat Kilang Palan Low Nam Hui Sdn. Bhd. and Pan Singapore Timber Enterprises Company respectively.

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12. A number of authorities were submitted to us by Accountant for the Appellant which would tend to establish that standing timber on land was part of a capital asset and that the disposal thereof for a capital sum or by reference to the volume of timber extracted was a receipt of capital. We, however, were of the opinion that these authorities could be distinguished from this appeal in that the Appellant was given the right to extract timber for which a separate premium was paid. A further

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distinction would be that there were two different activities as found by us, i.e. the extraction and sale of timber and the development of the land.

In the High  
Court in  
Malaya at  
Johore Bahru

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10 13. We found that there were two separate and distinct activities, viz. the extraction and sale of timber from the said land and the development of the said land into an oil palm estate. Such extraction and sale of the said timber constituted the carrying on of a business of timber operators under section 4(a) of the Income Tax Act, 1967. We, therefore, decided that the sums received from the extraction and sale of the said timber for the relevant basis periods were income chargeable to income tax, development tax and timber profits tax.

No.2  
Case Stated  
by the  
Special  
Commissioners  
of Income Tax  
11th April  
1977  
(cont'd)

20 DATED this 11th day of April, 1977

Sgd. Illegible  
(SIM EWE EONG)

Presiding Special Commissioner  
of Income Tax

Sgd. T. Saravanamuthu  
(T. SARAVANAMUTHU)

Special Commissioner of Income Tax

In the High  
Court in  
Malaya at  
Johore Bahru

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No.2  
Case Stated  
by the  
Special  
Commissioners  
of Income Tax  
11th April  
1977  
(cont'd)

Sgd. T.S.L. Leong Seng

(TAN SRI LIM LEONG SENG)

Special Commissioner for Income Tax

No. 3

Judgment of the High Court in  
Malaya at Johor Bahru

In the High  
Court in  
Malaya at  
Johor Bahru

IN THE HIGH COURT IN MALAYA AT JOHOR BAHRU

TAX APPEAL NO. 1 OF 1977

Mamor Sendirian Berhad

v.

Director-General of Inland Revenue

No. 3  
Judgment of  
the Honourable  
Justice  
Annuar bin  
Dato' Zainal  
Abidin - 29th  
November 1979

JUDGMENT

10 This is an appeal by way of case stated from  
a decision of the Special Commissioners of Income  
Tax confirming the assessment of Income Tax made  
upon the appellant for the years 1971, 1972 and  
1973.

The question for determination by the  
Commissioners is defined by them in paragraph 2 of  
the Case as being:

20 "Whether the sums received by the appellant  
from the extraction and sale of timber from  
the said land for the relevant basis periods  
were sums received in the course of  
development of the said land into an oil  
palm plantation and were capital receipts  
and not income from a separate business of  
timber operators carried on by the appellant,  
and were, on the other hand, income chargeable  
to income tax, development tax and timber  
profit tax."

30 The Special Commissioners came to a finding  
that:-

40 "We, the Special Commissioners of Income  
Tax, after hearing the witnesses who were  
called by appellant and after considering  
the submissions made on behalf of the  
appellant and the respondent, decide that  
the sums received from the extraction and  
sale of timber from the said land for the  
relevant basis periods were income chargeable  
to income tax, development tax and profits  
tax."

The Special Commissioners also found that:



In the High Court in Malaya at Johor Bahru

No. 3  
Judgment of the Honourable Justice Annuar bin Dato' Zainal Abidin - 29th November 1979 (cont'd)

"there were two separate and distinct activities, viz, the extraction and sale of timber from the said land and the development of the said land into an oil palm estate. Such extraction and sale of the said timber constituted the carrying on of a business of timber operators under section 4(a) of Income Tax, 1967. We, therefore, decided that the sums received from the extraction and sale of the said timber for the relevant basis periods were income chargeable to income tax, development tax and timber profits tax."

10

The facts of the case as found by the Special Commissioners are as follows. The appellant company was incorporated in 1968. Its objects among other things were to carry on the business of planters and cultivators of and dealers in all kinds and descriptions of produce (Clause 1 of Memorandum of Association) and to carry on business as timber merchants, sawmill proprietors etc. (Clause 19 of Memorandum of Association). Either of these two objects or any of the objects specified in the Memorandum of Association may be pursued by the appellant as an independent object either alone or in conjunction with all or any one or more of the other objects.

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In 1968 the Johor State Government was contemplating a scheme to alienate State land to the private sector for development. In August 1968 the news was published in the newspapers that the Government would alienate 42,000 acres of virgin land in the district of Kluang and Sungei Pangali on a 99 year lease for the scheme. Successful applicants would be given 7,000 acres for the development of oil palm. The applicants would be required to surrender 1,500 acres from the 7,000 acres when they are fully planted with oil palm to the Johor State Development Corporation. The State Development Corporation would reallocate the 1,500 acres to small-holders.

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The appellant was one of the successful applicants. It was informed of the approval by the State Government by way of notice dated 30th November, 1968. The appellant was allotted a parcel of virgin jungle land described as Block 6 comprising an area of approximately 7,000 acres in the Mukim of Nyior in the district of Kluang, for development into oil palm plantation subject to payment of various charges and to certain terms and conditions as stipulated in the notice. As

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one of the terms and conditions the appellant would be given the right to extract timber from that land; the appellant was required to enter into an agreement with the State Government with regards to the extraction of timber from the land.

In the High Court in Malaya at Johor Bahru

No. 3  
Judgment of the Honourable Justice Annuar bin Dato' Zainal Abidin - 29th November 1979  
(cont'd)

10 Following this the appellant entered into an agreement with the State Government on 1st June, 1969. On 3rd January 1970 the appellant entered into an agreement with Syarikat Kilang Papan Low Nam Hui Sdn Bhd to extract the timber from the land. On 22nd September 1969 an area of approximately 50,000 acres which included Block 6 was de-gazetted as a forest reserve.

The appellant was given the logging licence in April, 1970 and commenced logging operation on 20th July 1970.

20 The Special Commissioners also found that during the relevant basis periods in respect of which assessment of income tax, timber profit tax and development tax were made only two blocks of 1,000 acres each were exploited. Each block was divided into sub-blocks of 250 acres each.

30 It is significant that the modus operandi for the development was controlled by the Forest Department. It was stipulated that 80% of the first sub-block of 250 acres each should be exploited before the appellant could move into the next sub-block and entry into the third sub-block would be allowed only after the whole of the sub-block and 80% of the second sub-block had been exploited. The exploitation of all the remaining sub-blocks would follow the same sequence.

40 The appellant cleared 1,000 acres in September 1971 and a second 1,000 acres in September, 1972. The delay was caused by floods, construction of bridges and access roads and the difficulties in obtaining right of way through a neighbouring estate and numerous kampongs. However the terms of the agreement of 1st June 1969 which contain the schedule of work was amended by mutual agreement between the developers, including the appellant, and the State Government following a meeting on 26th June, 1971.

The appellant did not have any experience in timber marketing. It appointed Pan-Singapore Timber Enterprise Company of Singapore as its agents to find buyers. The appellant received the price of the sale less transport charges, export duties and related expenses. The Pan-Singapore

In the High Court in Malaya at Johor Bahru

No. 3  
Judgment of the Honourable Justice Annuar bin Dato' Zainal Abidin - 29th November 1979  
(cont'd)

Timber Enterprise Company was paid the sales commission.

The subscribers to the appellant's Memorandum and Articles of Association were Tan Kim Seng and Than Poh Yen. On 18th March, 1969 these shares were transferred to Dato' Tsang Tak Chuen and Tan Ooi Kian by the issue of \$829,998 shares of \$1/- each on 30th August, 1969. The total shares of \$830,000 were transferred to Low Nam Hui & Co. on 3rd December, 1972.

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At the time the company shares were transferred to Low Nam Hui Company in December 1972 the first 2,000 acres had been logged but not cleared or ready for planting. The appellant had to incur substantial expenditure on further felling and clearing and on establishing an oil palm nursery. It was only after that that work on the oil palm plantation commenced in earnest. Up to the time when the hearing came before the Commissioners all except 300 acres of the land had been planted with oil palm. The appellant had also surrendered the 1,500 acres of oil palm to the State Government.

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The Special Commissioners came to a finding that the appellant was carrying out two different activities. They concluded that the company was carrying out the activities of extracting and selling the timber and developing the land into an oil palm estate.

It has been argued that the deciding order of the Special Commissioners is entirely based on findings of facts and as such the Court cannot interfere with the decision made on such findings by the Special Commissioners. With respect I am of the opinion that it is open for the High Court to review the decision of the Special Commissioners, if the Special Commissioners:

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1. misdirect themselves on the law; or
2. answer the wrong question; or
3. omit to answer a question which they ought to have answered; or
4. look into account factors which they ought to have; or
5. reached a conclusion on facts which is not supported by the evidence before them; or
6. made a finding of facts which no reasonable

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person in the circumstances would have arrived at.

In the High Court in Malaya at Johor Bahru

In the case of M.Y. v. Controller of Inland Revenue(1) the Federal Court rejected the contention that the Special Commissioners was the final authority on conclusions of fact. Gill F.J. (as he then was) in delivering the judgment of the Court said:

No. 3  
Judgment of the Honourable Justice Annuar bin Dato' Zainal Abidin - 29th November 1979  
(cont'd)

10 "In dealing with the case stated the learned Judge in the Court below, from whose decision this appeal has been brought, took the view that as the Special Commissioners who had all the relevant material facts before them reviewed the facts as whole before arriving at their conclusion, it was not open to him to review such conclusion and he accordingly dismissed the appeal. I regret to say, with respect, I find myself unable to agree  
20 with him..... On the whole their conclusion could not properly be drawn from the evidence before them. In those circumstances it was open to the learned Judge, as it is open to this Court, to review the decision of the Special Commissioners."

Sharma J in the case of N.Y.F. Realty Sdn Bhd v. Comptroller of Inland Revenue (2) expressed similar views. The learned Judge said:

30 "Whether or not facts and evidence produced before the Special Commissioners lead to the conclusion that the taxpayer was or was not carrying on the business or trade within the meaning of the law depends on inferences from facts. The inference to be drawn from the acts and conduct of the taxpayer i.e. whether he carried on a trade or business is, in my view, a question of law .....  
40 Therefore even if the Special Commissioners do specifically state that the taxpayer was carrying on the business of a land jobber the Court is entitled to enquire into the correctness of that conclusion by considering the same facts from which the Special Commissioners drew the inferences."

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(1) (1972) 2 MLJ 110

(2) (1974) 1 MLJ 182

In the High Court in Malaya at Johor Bahru

In the light of the above decisions I am of the view that the High Court has power to interfere with inferences drawn by the Special Commissioners whether they be conclusions of fact or law.

No. 3  
Judgment of the Honourable Justice Annuar bin Dato' Zainal Abidin - 29th November 1979 (cont'd)

The Special Commissioners came to the conclusion that the appellant was carrying out two different activities on several grounds. It would appear to me that the Special Commissioners were unduly influenced by the object clause of the appellant's Memorandum of Association which empowered the company to carry on business of a timber merchant. With respect I am of the view that the relevant question for tax purposes is not what the taxpayer proposes to carry on but what he does actually carry on. (Re Hyanland Investment Co. Ltd. (1)). In E v. Comptroller of Inland Revenue (2) Gill F.J. (as he then was) in delivering the judgment of the Federal Court had this to say:

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"I need hardly add that in this case the clause in question is not the main or the only clause in relation to the objects of the company ..... As there were other objects of the company, singling out one of them for the inference that the appellant intended to carry on business was to ignore the other object together ....."

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It is therefore clear that the object clauses in a company's Memorandum of Association themselves are not to be taken as conclusive proof as to the nature of business carried on by the taxpayer.

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The Special Commissioners dealt with the appellant's application for the said land with a suggestion of a hidden motive contrary to what is clearly borne out by the facts. It is curious that the Special Commissioners regarded the appellant's application as an "ostensible" act. This conclusion is definitely against the evidence put before them. All the documentary evidence shows that the land was alienated to the applicant for the main purpose of development into an oil palm estate. That being so all other activities necessarily become incidental to the main activity of oil palm cultivation. The extraction of timber would and should be regarded as ancillary to the main object. There was cogent evidence before the

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(1) 14 T.C. 694  
(2) (1970) 2 MLJ 117

Special Commissioners that the appellant had made preparations to get ready the oil palm seedlings for planting even whilst the land was being cleared. It is also shown that the main object was completed and 1,500 acres were surrendered to the State Government fully planted. This in truth was the basic aim of the Government to reallocate the fully planted land to small holders. The Special Commissioners finding that the appellant was only "ostensibly" interested in oil palm cultivation is therefore not supported by facts.

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The Special Commissioners placed heavy emphasis on the agreement entered into by the appellant and the State Government whereby the appellant was given the right to extract timber. I think too much emphasis should not have been given on this. It should be noted that the extraction of timber was actually a condition of the alienation. The extraction of timber is a pre-requisite in the preparation for the cultivation of the land with oil palm. For otherwise how else could the land be planted with oil palm without first clearing the land of the timber standing on it.

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The agreement entered into by the parties was to ensure that the extraction was done in orderly manner and that the Government would not lose its revenue from the timber on the land. The appellant was left with no choice but to fell and sell the timber. It stands to lose the land if it does not enter into the agreement and comply with the conditions in it.

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It is also to be noted that the land was alienated to the appellant by way of qualified title. The standing timber therefore formed part of the land. The appellant had not only a proprietary interest in the land but it also had an interest in the standing timber. The licence to extract timber issued by the Forest Department is in compliance with the provision of section 45(2)(b) of the National Land Code which authorises the owner of the land to remove forest produce beyond the boundaries of the land. The appellant as the owner of the land must obtain a licence from the Forest Department for that purpose. It is therefore unreasonable to conclude that the appellant was carrying on a separate business of timber operators relying on the so-called right to extract timber.

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In the High Court in Malaya at Johor Bahru

No. 3  
Judgment of the Honourable Justice Annuar bin Dato' Zainal Abidin - 29th November 1979  
(cont'd)

In the High Court in Malaya at Johor Bahru  
No. 3  
Judgment of the Honourable Justice Annuar bin Dato'Zainal Abidin - 29th November 1979  
(cont'd)

The Special Commissioners appeared to have been greatly influenced by the preamble to the agreement of 1st June, 1969 between the appellant and the State Government. The preamble uses the words "desirous of ..... exploiting timber thereon". It would seem that these words have the effect in the opinion of the Special Commissioners that the appellant was more interested in timber exploitation than in oil palm cultivation. The Special Commissioners formed an opinion that the exploitation of timber and the development of the said land were two different activities.

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The language used by the parties to a document is not the determining factor. It is the duty of the court to see what in substance, and in truth, the bargain was and not to be blinded by some formula which the parties may have used. In *Henley v. Murray* (1) Evershed, M.R. said:

".... I quite agree that language which the parties may use, such as 'compensation for loss of office', is not the determining factor when one has to decide what in truth was the bargain, and that the duty of the court is to see what in substance, and in truth, the bargain was and not to be blinded by some formula which the parties may have used."

20

The Special Commissioners came to the conclusion that in exercising the right to extract timber from the said land for which the forest premium was paid, the appellant was engaged in a trade of exploiting of timber and not in activities in the course of development of the said land into an oil palm plantation. It is difficult to understand how this conclusion could have been arrived at. It is true that the appellant did pay \$100 per acre as premium. But no where does it show that the appellant knew of the fact that \$47 was for forest premium. In any event even if the appellant knew that the \$47 was paid as premium for the forest produce it would still not afford any proof that the appellant was engaged in a trade of exploiting of timber.

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The Special Commissioners also came to the conclusion that the timber extraction activities were very similar to those of a timber operator and they were consistent with the claim that there

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(1) (1931) A.C. 224

was an organised and systematic exploitation of timber. In my opinion there were no basis for the Special Commissioners to find that the activities of the appellant were very similar to those of a timber operator. The extensiveness of the organisation or activity are not grounds for them to arrive at the conclusion. In the case of Commissioner of Taxes v. British Australian Wool Realization Association Ltd. (1) Lord Blanesburg said:

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"Upon the facts stated, any other conclusion would be tantamount to saying that a realisation such as that effected by the Association must be a trade because of the bringing into existence of a selling organisation made necessary only by reason of mere magnitude of the realization - a proposition not to be entertained."

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The Privy Council held that notwithstanding the extensiveness of the taxpayer's organisation, the receipts resulted merely from the realisation of capital assets and therefore not taxable. The fact that the timber extraction was organised and systematic does not detract from the fact that what it did was merely realising a part of its capital asset and that the proceeds therefrom are capital receipts and not income receipts.

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The Special Commissioners were influenced by the fact that most of the timber were extracted and sold and that a contractor and a selling agent were employed. The Special Commissioners should have considered also the fact that the appellant had no experience as a timber operator nor timber extraction and sale of timber. The appellant in my view extracted the timber in the best possible way to maximise the receipts. But that fact alone does not make the activity any less an activity of a landowner realising part of its capital asset. As Rowlett J. said in Rand v. Albern Land Co. Ltd. (2) :

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"Now the Company proceeded in a very enterprising way undoubtedly. It cleared the land and formed roads. It sold parts of it and kept some of the money and put it back into the land, and so on, and it gave a share in its capital to certain people who

In the High Court in Malaya at Johor Bahru

No. 3  
Judgment of the Honourable Justice Annuar bin Dato' Zainal Abidin - 29th November 1979  
(cont'd)

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(1) (1931) A.C.224

(2) T.T.C. 629.



In the High Court in Malaya at Johor Bahru

No. 3  
Judgment of the Honourable Justice

Annuar bin Dato' Zainal Abidin - 29th November 1979 (cont'd)

were instrumental in bringing a railway there. .... I feel the force of what is said, that they were very enterprising. They did more than a lazy or a too conservative landowner would do. They were enterprising, but I do not think they did more than act as the machinery by which development and progressive sale could be carried out .....

For the same reason it cannot be said that the appellant had carried on a business merely because it undertook the clearance of the virgin land for the purpose of oil palm cultivation in a more intelligent way so that the disposal of its assets on the land in the form of standing timber would not be a waste disposal but saleable at market value. In my opinion the Special Commissioners erred in law in that they proceeded in their inquiry on the basis of ascertaining if the appellant was carrying on business as timber operators. They should have inquired whether the felling and sale of timber was realisation of a capital asset effected as incidental activity to the main activity of clearing the land for oil palm development or whether by doing so they were carrying on a business of felling and selling timber.

It is apparent to me that the Special Commissioners failed to consider legally whether the proceeds from the sale of timber constitute income. The object of the Act is to tax 'income'. The word 'income' is not defined in the main Act. However not every gain, profit or earnings of the taxpayer is 'income' for the purposes of tax. By section 4 of the main act only 'income' is taxable. Such income however must be in the nature of gains or profits depending upon the sources of the receipts enumerated in paragraphs (a) to (f) of the section. It is the duty of the Special Commissioners to look at the transaction in the light of whether the receipts by the appellant are capital in nature or income in nature. The Special Commissioners have completely ignored this approach. In Van Den Berghs, Ltd. v. Clark (1) Lord MacMillan said:

"My Lords, the problem of discriminating between an income receipt and a capital receipt and between an income disbursement and a capital disbursement is one which in

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(1) 19 T.C. 390 at pp. 428 & 429

10 recent years has frequently engaged your Lordship's attention. In general the distinction is well recognised and easily applied, but from time to time cases arise where the item lies on the borderline and the task of assigning it to income or to capital becomes one of much refinement, as the decisions show. The Income Tax Acts nowhere define 'income' any more than they define 'capital', they describe sources of income and prescribe methods of computing income, but what constitutes income they discreetly refrain from saying ..... Consequently it is to the decided cases that one must go in search of light."

In the High Court in Malaya at Johor Bahru No. 3 Judgment of the Honourable Justice Annuar bin Dato' Zainal Abidin - 29th November 1979 (cont'd)

20 The Special Commissioners failed to show clearly that the proceeds was 'income' of a type chargeable with tax and fitted into the relevant provision. In law there is no room for presumption as regards to tax. In the case of Cape Brady Case (1) Rowlatt J. said:

"..... in a taxing Act one has to look merely at what is clearly said. There is no room for any intentment. There is no equity about a tax. There is no presumption as to tax. Nothing is to be read in, nothing is to be implied. One can only look fairly at the language."

30 In the circumstances of the facts as found by the Special Commissioners and drawing the reasonable inferences from them the extraction and sale of timber and the development of the land into oil palm were one activity for the purpose of tax. The sum received by the appellant from the extraction and sale of timber from the said land for the relevant basis periods were sums received in the course of development of the said land into an oil palm and therefore are not chargeable to  
40 income tax, development tax and timber profit tax.

The appeal is therefore allowed with costs.

Dated this 29th day of November, 1979.

(Annuar bin Dato' Zainal Abidin)  
Judicial Commissioner,  
High Court,  
Johore Bahru.

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(1) (1921) 1 K.B. 64

In the High  
Court in  
Malaya at  
Johor Bahru

No. 4  
Order of the High Court in  
Malaya

No. 4  
Order of the  
High Court  
in Malaya at  
Johore Bahru  
29th November  
1979

IN THE HIGH COURT IN MALAYA AT JOHORE BAHRU

TAX APPEAL NO: 1 OF 1977

(RAYUAN NO: P.K.R. 213)

Between

Mamor Sendirian Berhad

Appellant

And

Director General of Inland Revenue

Respondent

10

BEFORE THE HONOURABLE MR. JUSTICE ANNUAR

THIS 29TH DAY OF NOVEMBER, 1979

IN OPEN COURT

O R D E R

THIS APPEAL coming for hearing this 16th & 17th days of October, 1978 in the presence of Mr. Michael Wong Kuan Lee & Mr. C.V. Das of Counsel for the Appellant and Encik Abdul Razak bin Ibrahim of Counsel for the Respondent AND UPON READING the Case Stated by the Special Commissioners of Income Tax for the opinion of the High Court pursuant to paragraphs 34 & 35 of Schedule 5 to the Income Tax Act 1967, and the written submissions of Counsel of both sides IT WAS ORDERED that this Appeal do stand adjourned for Judgment AND the same coming on for Judgment this day in the presence of Mr. C.V. Das of Counsel for the Appellant and Encik Mokhtar bin Haji Sidin of Counsel for the Respondent IT IS ORDERED that the appeal against the decision of the Special Commissioners of Income Tax contained in their Deciding Order dated the 28th day of December 1976 be and is hereby allowed with costs and the assessments relating thereto be and is hereby discharged AND IT IS FURTHER ORDERED that a Certificate for two Counsel for the Appellant pursuant to Order 65 Rule 27(47) of the Rules of the Supreme Court 1957 for costs be and is hereby issued.

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GIVEN under my hand and the seal of the Court this 29th day of November, 1979.

Senior Assistant Registrar,  
High Court,  
Johore Bahru.

DRAFT ORDER for your approval please,

Sgd. Shook Lin & Bok

SHOOK LIN & BOK

Sgd. Illegible

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Federal Counsel,  
Jabatan Hasil Dalam Negeri,  
Bangunan Suleiman,  
Kuala Lumpur.

(CD/11041MSB).

In the High  
Court in  
Malaya at  
Johor Bahru

No. 4  
Order of the  
High Court  
in Malaya at  
Johore Bahru  
29th November  
1979

(cont'd)

In the Federal  
Court of  
Malaysia

No. 5  
Notice of  
Appeal - 29th  
November 1979

No. 5  
Notice of Appeal

IN THE FEDERAL COURT OF MALAYSIA

(Appellate Jurisdiction)

Civil Appeal No. of 1979

Between

Director-General of Inland Revenue Appellant

And

Mamor Sdn. Bhd. Respondent

(In the matter of Tax Appeal No. 1 of 1977 in the High Court in Malaya at Johore Bahru 10

Between

Mamor Sdn. Bhd. Appellant

And

Director-General of Inland Revenue Respondent)

NOTICE OF APPEAL

TAKE NOTICE that the Director-General of Inland Revenue being dissatisfied with the decision of the Honourable Mr. Justice Annuar bin Dato' Zainal Abidin given at Johore Bahru on the 29th day of November, 1979, appeals to the Federal Court against the whole of the said decision. 20

Dated this 29th day of November, 1979.

Sgd. Illegible  
Senior Federal Counsel,  
for and on behalf of the Appellant.

- To:
1. The Registrar,  
The Federal Court,  
Kuala Lumpur.
  2. The Registrar,  
High Court in Malaya,  
Johore Bahru. 30
  3. Messrs. Shook Lin & Bok,  
  
P.O. Box 766, 21st Floor,  
Wisma M.P.I. Jalan Raja Chulan,  
Kuala Lumpur. 08-10.

The address for service for the Appellant is  
c/o  
Blok 11, Tingkat 15, Bangunan Kerajaan,  
Jalan Nuta, Kuala Lumpur. 40



In the Federal  
Court of  
Malaysia  
No. 6  
Memorandum  
of Appeal  
7th November  
1980  
(cont'd)

4. The Learned Judicial Commissioner erred in law in holding that the Special Commissioners failed to show clearly that the proceeds was 'income' of a type chargeable with tax and fitted into the relevant provisions.

5. The Learned Judicial Commissioner erred in law in reversing the findings of facts and the decision of the Special Commissioners.

Dated this 7th day of November, 1980

Sgd. Illegible  
Senior Federal Counsel,  
for and on behalf of  
the Appellant

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To: The Chief Registrar,  
Federal Court,  
KUALA LUMPUR.

And to: Messrs. Shook Lin & Bok,  
Advocates & Solicitors,  
21st Floor, Wisma MPI,  
P.O. Box 766,  
Jalan Raja Chulan,  
KUALA LUMPUR.

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The address for service of the Appellant is:

The Senior Federal Counsel,  
Jabatan Hasil Dalam Negeri,  
Block 11, Tingkat 15,  
Komplek Bangunan Kerajaan,  
Jalan Duta,  
KUALA LUMPUR.

No. 7

Judgment of the Federal Court of  
Malaysia

In the  
Federal  
Court of  
Malaysia

IN THE FEDERAL COURT OF MALAYSIA HOLDEN AT  
JOHOR BAHRU

(Appellate Jurisdiction)

FEDERAL COURT CIVIL APPEAL NO. 237 OF 1979

No. 7  
Judgment of  
the Federal  
Court of  
Malaysia  
holden at  
Johor Bahru  
14th May 1982

Between

The Director-General of Inland Revenue Appellant

And

Mamor Sendirian Berhad Respondent

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(In the matter of Tax Appeal No. 1 of 1977  
in the High Court in Johor Bahru

Between

Mamor Sendirian Berhad Appellant

And

The Director-General of  
Inland Revenue Respondent)

Coram: Wan Suleiman, Ag. C.J. Malaya.

Syed Othman, F.J.

Abdul Hamid, F.J.

20

JUDGMENT OF THE COURT

The Mamor Sendirian Berhad, the respondent in this appeal had earlier appealed to the Special Commissioners of Income Tax (hereinafter referred to as the Special Commissioners) against assessment of income tax, timber profit tax and development tax.

The question submitted for consideration by the Commissioners was whether the sums received by the respondent from the extraction and sale of timber from the said land for the relevant basis periods were sums received in the course of development of the said land into an oil palm plantation and were capital receipts and not income from a separate business of timber operators carried on by the respondent as mentioned in the Agreed Statement of Facts, or were, on the other hand, income chargeable to income tax, development tax and timber profit tax.

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The Special Commissioners found firstly that the sums received from the extraction and sale of timber from the land were income chargeable to income tax, development tax and profit tax, and secondly that there were two separate and distinct activities. (See also pages 8 to 18 of Case Stated, which contains paragraph 7 wherein the Special Commissioners set out the facts proved or admitted, as found by them.)

The Special Commissioners therefore found that there were two separate and distinct activities namely, the extraction and sale of timber from the said land and the development of the said land into an oil palm estate. Such extraction and sale of the said timber, they found, constituted the carrying on of a business of timber operators under section 4(a) of Income Tax Act, 1967.

The Special Commissioners found the following facts. The respondent company was incorporated in 1968. Its objects among other things were to carry on the business of planters and cultivators of and dealers in all kinds and descriptions of produce (Clause 1 of Memorandum of Association) and to carry on business as timber merchants, sawmill proprietors, etc. (Clause 19 of Memorandum of Association). Either of these two objects or any of the objects specified in the Memorandum of Association may be pursued by the respondent as an independent object either alone or in conjunction with all or any one or more of the other objects.

In 1968 the Johore State Government was contemplating a scheme to alienate State land to the private sector for development. In August 1968 the news was published in the newspapers that the Government would alienate 42,000 acres of virgin land in the district of Kluang and Sungai Pengali on a 99 year lease for the scheme. Successful applicants would be given 7,000 acres for the development of oil palm. The applicants would be required to surrender 1,500 acres from the 7,000 acres when they are fully planted with oil palm to the Johore State Development Corporation. The State Development Corporation would reallocate the 1,500 acres to small-holders.

The respondent was one of the successful applicants. He was informed of the approval by the State Government by way of notice dated 30th November, 1968. The respondent was allotted a parcel of virgin jungle land described as Block 6 comprising an area of approximately 7,000 acres in

the Mukim of Nyior in the district of Kluang, for development into oil palm plantation subject to payment of various charges and to certain terms and conditions as stipulated in the notice. As one of the terms and conditions the respondent would be given the right to extract timber from the land; the respondent was required to enter into an agreement with the State Government with regards to the extraction of timber from the land.

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10           Following this the respondent entered into an agreement with the State Government on 1st June, 1969. On 3rd January 1970 the respondent entered into an agreement with Syarikat Kilang Papan Low Nam Hui Sdn. Bhd to extract the timber from the land. On 22nd September 1969 an area of approximately 50,000 acres which included Block 6 was de-gazetted as a forest reserve.

20           The respondent was given the logging licence in April, 1970 and commenced logging operation on 20th July, 1970.

The Special Commissioners also found that during the relevant basis periods in respect of which assessment of income tax, timber profit tax and development tax were made only two blocks of 1,000 acres each were exploited. Each block was divided into sub-blocks of 250 acres each.

30           The learned judicial commissioner, on the facts as found by the Special Commissioners, drew what he considered were reasonable inferences therefrom, and came to the conclusion that the extraction and sale of timber and the development of the land into an oil palm plantation were really one activity for the purpose of income tax. In consequence, he held that the sums received by the respondent from the extraction and sale of timber were received in the course of developing the land as an oil palm plantation, and therefore not subject to income tax, development tax or timber profit tax. The Director-General of Inland Revenue  
40           now appeals.

The grounds of appeal may best be summed up thus:

That the learned Judicial Commissioner had erred in law in (i) reversing the finding of fact and the decision of the Special Commissioners i.e. that respondent was carrying out two different activities, and (ii) in holding that the income from the extraction of timber was capital income i.e. sums received in the development of the land

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into an oil palm plantation and therefore not chargeable with income tax, etc.

Our attention was drawn to various passages in the decision of this Court in U.H.G. v. Director-General of Inland Revenue (1) wherein the wellknown English authority of Edwards (Inspector of Taxes) v. Bairstow and Harrison (2) was cited with approval. At page 33 of the former authority appears this passage: "It is well established that where the appeal is by way of a Case Stated a statutory duty is laid upon the Special Commissioners to set forth the facts as found by them and the deciding order but not the evidence on which the findings are based. The Court of appeal is not concerned with the evidence given in the Case Stated but with the facts therein stated and it is points of law upon those facts the court has to decide. The question for the court of appeal therefore is whether, given the facts as stated, the Special Commissioners were justified in law in reaching the conclusions they did reach".

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And at page 37 "The particular issue of fact is whether the service agreements were a sham. That appears to me to be a question of fact which is proper to be decided by the Special Commissioners upon the evidence brought before them. The quantum of evidence necessary to prove this fact would no doubt fall on the respondent who is free to adduce whatever evidence he liked ..... But where there is evidence to consider, the decision of the Special Commissioners is final, even though the court might not, on the materials, have come to the same conclusion."

30

In other words, counsel submits that where two inferences are available to the Special Commissioners they could choose either and not be upset by the Court.

The unassailability of finding of primary facts by the Special Commissioners has again been emphasised by the Privy Council in the recent decision in Chu Lip King v. The Director-General of Inland Revenue (Privy Council Appeal No. 21 of 1979) wherein the following passage occurs:-

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"Their Lordships cannot stress too strongly how important it is that, in every Case

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(1) (1974) 1M.L.J. 33  
(2) (1956) A.C.14

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10 Stated for the opinion of the High Court,  
the Special Commissioners should state  
clearly and explicitly what are the  
findings of fact upon which their decision  
is based and not the evidence upon which  
those findings, so far as they consist of  
primary facts, are founded. Findings of  
primary facts by the Special Commissioners  
are unassailable. They can be neither  
over-ruled nor supplemented by the High  
Court itself; occasionally they may be in-  
sufficient to enable the High Court to  
decide the question of law sought to be  
raised by the Case Stated, but in that  
event it will be necessary for the Case  
to be remitted to the Commissioners them-  
selves for further findings. It is the  
primary facts so found by the Commissioners  
that they should set out in the Case Stated  
20 as having been 'admitted or proved'."

In his judgment the learned Judicial  
Commissioner was also critical of what he considered  
was the undue influence the objects clause in  
respondent's Memorandum of Association which  
empowered it to carry out inter alia the business  
of timber merchant (page 74 para 19). The learned  
Judicial Commissioner had relied on the authority  
of E v. Comptroller of Inland Revenue (3), citing  
a portion which reads thus:

30 "I need hardly add that in this case the  
clause in question in relation to the objects  
of the company ..... As there were other  
objects of the company, singling out one of  
them for the inference that the appellant  
intended to carry on business was to ignore  
the other object together ....."

40 It was contended by appellant that the Special  
Commissioners were correct in considering both the  
documents, the Memorandum and the Agreement  
respondent entered into with the State Government  
on 1st June 1969 (exhibit A1 - folio 31).

A number of authorities were cited to support  
this argument but we think we need only refer to  
the Privy Council decision in International  
Investment Ltd. v. Comptroller General of Inland  
Revenue (4).

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(3) (1970) 2 M.L.J.117  
(4) (1979) 1 M.L.J. 4

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There, the appellant company, one of whose objects was to traffic and otherwise deal in or turn into account immovable property, had acquired certain lands and had begun building operations on the lands. Subsequently it agreed to sell the lands and the uncompleted building on it to another company in exchange for shares in the company. These shares were subsequently transferred by the company. The company was assessed to tax on the profits obtained by it. On appeal the Special Commissioners upheld the assessment and a further appeal to the High Court by way of case stated was dismissed ((1973) 2 M.L.J.10). An appeal from the judgment of the High Court was dismissed by the Federal Court and the appellant company appealed. It was argued on behalf of the appellant that the profit was not and could not be taxable as income under section 10(1)(a) of the Income Tax Ordinance, 1947, because the transaction from which it was received was an isolated transaction which did not constitute the carrying on of a trade or business. It might have been an adventure in the nature of trade but it could not have been trading because trading necessarily involved some repetition or continuity of operation and that element was lacking in the case. It was also argued that in any event the facts showed that when the appellant company acquired and developed the property, it was not trafficking or dealing in land but was investing in land, and any profit on the realisation of its investment was not of an income nature and was not assessable to income tax.

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It was held that a company whose business is or includes trading prima facie begins to trade as soon as it embarks upon the first transaction of a trading nature. The transaction in this case could therefore constitute trading even if it was isolated.

Their Lordships of the Privy Council agree with the distinction drawn between isolated transactions by individuals and isolated transactions by companies, which the Board reiterated in American Leaf Blending Co. Sdn. Bhd. v. Director-General of Inland Revenue (5).

40

The effect of these authorities is that where there is ample evidence, as we find there is for the Special Commissioners, to consider, we must treat the decision of the Special Commissioners as final.

---

(5) (1979) 1 M.L.J. 1.

It matters not that on the same evidence, we might not, if it were in our province to decide, have come to the same decision.

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It was also submitted that the learned Judicial Commissioner had erred in law in holding that the Special Commissioners had failed to show clearly that the proceeds were "income" of a type chargeable with income tax and fitted into the relevant provisions.

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10 S.4 of the Income Tax Act 1967 reads:

"Subject to this Act the income upon which tax is chargeable under this Act is income in respect of -

(a) gains or profits from a business, for whichever period of time carried on;"

20 The Special Commissioners, in the Case Stated, had found that the respondent was carrying on two separate and distinct activities viz, the extraction and sale of timber from the land and the development of the land into an oil palm estate.

It was submitted on behalf of appellant that a single venture can be a "trade" such as to constitute such venture a business as defined in S.2 of the Act, the income from which is taxable under s.4(a) thereof.

It was urged upon us that the proper test applicable was that applied in Rutledge v. The Commissioners of Inland Revenue (6).

30 There, the appellant, Rutledge, was a money-lender who was also in 1920 interested in a cinema company. He had since that time been interested in various businesses. Being in Berlin in 1920 on business connected with the cinema company, he was offered an opportunity of purchasing very cheaply a large quantity of paper. He effected the purchase and, within a short time after his return to this country, sold the whole consignment to one person at a considerable profit.

40 Held, that the profits in question were liable to assessment to Income Tax, Schedule D, and to Excess Profits Duty as being profits of an adventure in the nature of trade.

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(6) 14 T.C. 490

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In delivering the judgment of the Court, the Lord President said, "The question remains whether the adventure was one "in the nature of trade". The Appellant's contention is that it could not be such, because it is essential to the idea of trade that there should be a continuous series of trading operations; and an observation made in the course of my opinion in *Inland Revenue v. Livingston*, 1927 S.C. 251, at p. 255, was founded on, according to which (1) "a single transaction falls as far short of constituting a dealer's trade, as the appearance of a single swallow does of making a summer. The trade of a dealer necessarily consists of a course of dealing, either actually engaged in or at any rate contemplated and intended to continue." But the question here is not whether the Appellant's isolated speculation in toilet paper was a trade, but whether it was an "adventure ..... in the nature of trade"; and in the opinion referred to I said that, in my opinion, "the profits of an isolated venture ..... may be taxable under Schedule D provided the venture is in the nature of trade'." I see no reason to alter that opinion. It is no doubt true that the question whether a particular adventure is "in the nature of trade" or not must depend on its character and circumstances, but if - as in the present case - the purchase is made for no purpose except that of re-sale at a profit, there seems little difficulty in arriving at the conclusion that the deal was "in the nature of trade," though it may be wholly insufficient to constitute by itself a trade."

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We agree that the test aforementioned is indeed the proper one to apply in this appeal, so that the respondent was properly held to be chargeable under s.4(a) of the Income Tax Act 1967 by the Special Commissioners.

We would therefore allow this appeal. The finding of the learned Judicial Commissioner is set aside and the decision of the Special Commissioners restored.

40

Costs to the appellant. Deposit to be refunded to appellant to account of taxed costs.

Sgd. Wan Suleiman  
(Wan Suleiman)  
Judge,  
Federal Court.

Kuala Lumpur,  
14th May, 1982.

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Arguments in Johore Bahru on 7.9.1981.

Counsel:

Encik Mokhtar Sidin, S.F.C. (Zulkifli with him)  
for appellant.

Encik Michael Wong (C. Dass with him) for  
respondent.  
Solicitors: M/s. Shook Lin & Bok.

In the  
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10 Certified true copy.

Sgd. Illegible  
Secretary to Judge  
Federal Court  
Malaysia  
Kuala Lumpur  
14/5/82

FEDERAL COURT CIVIL APPEAL NO. 237 OF 1979

Between

The Director-General of Inland Revenue Appellant

20 And

Mamor Sendirian Berhad Respondent

C O R R I G E N D U M

Page 12 line 2 of last paragraph of judgment:

Insert a full stop after the word "appellant"  
and strike out the words "to account of taxed  
costs".

30 Sgd. Wan Suleiman  
(Wan Suleiman)  
Judge,  
Federal Court.

Kuala Lumpur,  
20th May, 1982.



In the  
Federal  
Court of  
Malaysia

No. 8

Order for Conditional Leave to  
Appeal to His Majesty

No. 8  
Order for  
Conditional  
Leave to  
Appeal to  
His Majesty,  
the Yang di-  
Pertuan  
Agong  
12th July  
1982

IN THE FEDERAL COURT OF MALAYSIA HOLDEN AT KUALA  
LUMPUR

(APPELLATE JURISDICTION)

FEDERAL COURT CIVIL APPEAL NO: 237 OF 1979

BETWEEN

The Director-General of Inland Revenue APPELLANT

AND

Mamor Sendirian Berhad RESPONDENT

(In the Matter of Tax Appeal No. 1 of 1977  
in the High Court in Johor Bahru

Between

Mamor Sendirian Berhad Appellant

And

The Director-General of  
Inland Revenue Respondent)

CORAM: SUFFIAN, LORD PRESIDENT, FEDERAL COURT,  
MALAYSIA;  
WAN SULAIMAN, JUDGE, FEDERAL COURT, MALAYSIA;  
ABDUL HAMID, JUDGE, FEDERAL COURT, MALAYSIA.

IN OPEN COURT

THIS 12TH DAY OF JULY, 1982

O R D E R

UPON MOTION made unto Court this day by  
Encik C.V. Das of Counsel for the Respondent  
abovenamed and in the presence of Encik Mokhtar  
Haji Sidin, Senior Federal Counsel for the  
Appellant abovenamed AND UPON READING the Notice of  
Motion dated the 6th day of July 1982 and the  
Affidavit of Liew Kuek Hin affirmed on the 1st day  
of June, 1982 and filed in support of the said  
Motion AND UPON HEARING Counsel as aforesaid:

IT IS ORDERED that leave be and is hereby granted to the Respondent abovenamed to appeal to His Majesty the Yang di-Pertuan Agong from the Judgment of the Federal Court made on the 14th day of May, 1982 upon the following conditions:

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No. 8  
Order for  
Conditional  
Leave to  
Appeal to  
His Majesty,  
the Yang di-  
Pertuan  
Agong  
12th July  
1982  
(cont'd)

10 (a) that the Respondent abovenamed do within three (3) months from the date hereto enter into good and sufficient security to the satisfaction of the Chief Registrar, Federal Court, Malaysia, in the sum of Ringgit Five Thousand only (Ringgit 5,000/-) for the due prosecution of the Appeal, and the payment of all such costs as may become payable to the Appellant abovenamed in the event of the Respondent abovenamed not obtaining an Order granting them final leave to appeal or of the appeal being dismissed for non-prosecution, or of  
20 His Majesty the Yang di-Pertuan Agong ordering the Respondent abovenamed to pay the Appellant's costs of the appeal as the case may be; and

(b) that the Respondent abovenamed do within the said period of three (3) months from the date hereof take necessary steps for the purpose of procuring the preparation of the record and for the despatch thereof to the Privy Council in England.

30 AND IT IS ALSO ORDERED that the costs of this application be costs in the cause.

GIVEN under my hand and the Seal of the Court this 12th day of July, 1982.

Sgd. Illegible  
SENIOR ASSISTANT REGISTRAR,  
FEDERAL COURT, MALAYSIA.

This Order is taken out by Messrs. Shook Lin & Bok, Solicitors for the Respondent herein and whose address for service is Wisma MPI, 21st Floor, Jalan Raja Chulan, Kuala Lumpur.

In the  
Federal  
Court of  
Malaysia

No. 9

Order granting Final Leave to  
Appeal to His Majesty

No. 9  
Order  
granting  
Final Leave  
to Appeal  
to His  
Majesty,  
the Yang  
di-Pertuan  
Agong  
3rd January  
1983

IN THE FEDERAL COURT OF MALAYSIA HOLDEN AT KUALA  
LUMPUR

(APPELLATE JURISDICTION)

FEDERAL COURT CIVIL APPEAL NO: 237 OF 1979

BETWEEN

The Director-General of Inland Revenue APPELLANT

AND

Mamor Sendirian Berhad RESPONDENT

(In the Matter of Tax Appeal No. 1 of 1977  
in the High Court in Johor Bahru

Between

Mamor Sendirian Berhad Appellant

And

The Director-General of Inland  
Revenue Respondent)

CORAM: WAN SULAIMAN, ACTING CHIEF JUSTICE, HIGH  
COURT, MALAYA;  
GEORGE K.S. SEAH, JUDGE, FEDERAL COURT,  
MALAYSIA;  
MOHD AZMI, JUDGE, FEDERAL COURT, MALAYSIA

IN OPEN COURT

THIS 3RD DAY OF JANUARY, 1983

O R D E R

UPON MOTION made unto Court this day by Encik  
C.V. Das of Counsel for the Respondent abovenamed  
and in the presence of Encik Mokhtar Haji Sidin,  
Senior Federal Counsel for the Appellant abovenamed  
AND UPON READING the Notice of Motion dated the  
1st day of December 1982 and the Affidavit of Liew  
Kuek Hin affirmed on the 11th day of October 1982  
and filed in support of the said Motion AND UPON  
HEARING Counsel as aforesaid IT IS ORDERED that

Final Leave be and is hereby granted to the Respondent abovenamed to appeal to His Majesty the Yang Dipertuan Agong from the Judgment of the Federal Court dated the 14th day of May 1982 AND IT IS FURTHER ORDERED that the costs of this application be costs in the cause.

GIVEN under my hand and the seal of the Court this 3rd day of January 1983.

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Sgd. G.S. Tan  
Senior Assistant Registrar  
Federal Court  
Malaysia  
Kuala Lumpur.

This Order is takenout by M/s Shook Lin & Bok, solicitors for the Respondent herein and whose address for service is 21st Floor, Wisma MPI, Jalan Raja Chulan, Kuala Lumpur.

In the  
Federal  
Court of  
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No. 9  
Order  
granting  
Final Leave  
to Appeal  
to His  
Majesty,  
the Yang  
di-Pertuan  
Agong - 3rd  
January 1983  
(cont'd)

EXHIBITS

A.1  
Agreed  
Statement  
of Facts

E X H I B I T S

A.1 Agreed Statement of Facts

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MAMOR SENDIRIAN BERHAD

Statement of Agreed Facts

1. Mamor Sendirian Berhad was incorporated under the Companies Act, 1965 on 14th May, 1968.
2. The promoters of the company were Tan Kim Seng of 7 Jalan Segget, Johore Bahru and Tham Po Yen of 5-A, Jalan Ah Siang, Johore Bahru.
3. On 30th November, 1968 the company was informed by way of a Notice under Section 81 of the National Land Code that the Johore Government Legislative Council had agreed to allot a parcel of government land described as Block 6 with an area of 7,000 acres in the Mukim of Niyor for the planting of oil palm on payment of the several charges and subject to the conditions, stipulated in the said Notice. 10
4. The charges levied amounted to \$719,524
5. The Governing conditions specified in the said Notice were as follows : 20
  - (1) the entire area was to be developed at the rate of 1,000 acres per year, subject to amendment;
  - (2) at the beginning of the 5th year commencing from the first planting date, an area of 1,500 acres was to be transferred to the State Government for its Smallholders Programme;
  - (3) the State Government agreed to reimburse the company an amount equal to the development expenses incurred on the area of 1,500 acres as well as interest at a rate not exceeding 3½% p.a. This reimbursement was to be made through the State Development Corporation by instalments as from the date of surrender of the land to the State Government; 30
  - (4) the company should pay all premiums, taxes etc. as stipulated in the Notice;
  - (5) the company would be given the right to extract timber from the area to be developed; 40

(6) the company would be required to enter into a separate agreement with the Government with regard to the extraction of timber from the approved area;

EXHIBITS  
A.1  
Agreed  
Statement  
of Facts  
(cont'd)

10 (7) the company would be required under the said separate agreement to deposit with the Government a sum of \$70,000 as security for the due performance of the obligation to develop each 1,000 acres of the land. This amount could, however, be varied after the said Agreement had been executed.

6. Pursuant to the terms of the said Notice, an agreement was entered into between the Company and the Government of the State of Johore on 1st June, 1969, which in addition to repeating the Governing conditions contained in the said Notice with amplications, provided that -

20 (1) the Government agreed to grant to the company the right to exploit all timber from the approved area, subject to such terms and conditions as may be laid down by the Conservator of Forests, Johore;

(2) the area was to be exploited at the rate of 1,000 acres per year;

(3) if the company failed to exploit any area within 2 years from the date of issue of the licence, the Government could either refuse to issue any further licences or terminate the Agreement;

30 (4) the State Government agreed to pay the lessee the actual cost of developing 1,500 acres together (plus) interest calculated at 3½ percentage annually. The rate of interest chargeable shall be calculated on the total amount outstanding at the end of each year. The cost of development shall be the total cost actually incurred by the lessee for felling, burning, clearing, pruning, planting and shall also include cost of  
40 drainage and maintaining the area and the cultivation thereof with approved planting materials of oil palm seedlings. The period of maintenance of the area shall commence as from the date of planting until the handing over of the area by the lessee to the Government;

(5) the company was to pay royalty on all timber cut and removed from any area allocated to

EXHIBITS

A.1  
Agreed  
Statement  
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(cont'd)

- the company and on any timber within the area which in the opinion of the Conservator or District Forest Officer, is economically utilisable but which has not been removed;
- (6) a minimum royalty of \$100,000 per year was payable by equal monthly instalments in advance;
- (7) any timber not removed from the area after a period of one month of the expiry of a licence or three months after the timber was felled was to become the property of the Government and the company would have no claims to any compensation for use of roads constructed by the company for removal of such timber; 10
- (8) all trees of 5 feet girth and above had to be removed. Failure to do so would result in a penalty of \$20 being charged per tree, not felled;
- (9) if the company failed to carry on logging operations for a consecutive period of 6 months or for a total period of one year, the agreement was to cease forthwith; 20
- (10) the company was prohibited from assigning, sub-letting or transferring the whole or any part of the rights granted under the agreement without the prior consent of the Government;
- (11) the agreement was to remain in force for 7 years from the date of issue of the first licence or permit to extract timber; 30
- (12) in the event of a breach of any of the terms and conditions or on completion of or use for the purposes of which this Agreement was issued, the Agreement would be determined free from all encumbrances and without payment of compensation.
7. The company applied for a permit to commence logging on 20th April, 1970 and licence No. N.6/70 was issued on 29th April, 1970. 40
8. The company appointed Sharikat Kilang Papan Low Nam Hui Sdn. Bhd. to extract timber and to construct the main road over Block 6. The contractor was paid at the rate of \$20 per ton of timber cut and removed.

EXHIBITS

A.1  
Agreed  
Statement  
of Facts  
(cont'd)

9. The company did not commence developing the land for cultivation of palm oil until 1973.
10. By an Agreement dated 18th September, 1972 which is supplemental to the Agreement dated 1st June, 1969, the principal agreement was varied as follows :
- 10 (1) the company was to develop and properly and fully plant with oil palm, the whole of the first 1,500 acres by 31st December, 1973; and
- (2) the period of 7 years was to be calculated from 1st June, 1972.
11. The entire issued share capital of the company was acquired by Low Nam Hui Co. Sdn. Bhd. of 59-B Jalan Ah Fook, Johore Bahru, on 3rd December, 1972.
- 20 12. The Director-General of Inland Revenue assessed the company for the years of assessment 1971 to 1973 on the profits derived from the extraction and sale of timber and the relevant Notices of Assessment were issued on 7th July, 1973.
13. Notices of Appeal against the assessments issued on 7th July, 1973 were given on 2nd August, 1973.
- 30 14. Subsequently the assessment for 1973 was reduced and a Notice of Reduced Assessment issued on 21st December, 1974. Prior to the issue of the Notice of Reduced Assessment for 1973, no agreement was come to under Section 101(3) of the Income Tax Act.
15. The company claims that the sums received from the extraction and sale of timber were sums received in the course of development of the plantation and are capital receipts and not income from a separate business of timber operators carried on by the company.



7th July, 1973

MALAYSIA

JABATAN HASIL DALAM NEGERI,  
BANGUNAN MAJLIS BANDARAN,  
JOHOR BAHRU

**CHUKAI PENDAPATAN/INCOME TAX**  
PEMBERITAHU TAKSIRAN/NOTICE OF ASSESSMENT

TAHUN TAKSIRAN  
YEAR OF ASSESSMENT

**1971**

KORANG  
FORM

J **1**

Berkuat di-tetapan di-bawah Seksyen 152 Akta Chukai Pendapatan, 1967  
As provided under Section 152 of the Income Tax Act, 1967

KAPALAI:

**Mamur Sendirian Berhad,  
c/o Syarikat Chua,  
2-G, Foh Chong Building,  
Johor Bahru.**

Takhsiran No.  
Assessment No.

859852-05

Tarikh/Dat

28-8-1973

7 JUL 1973

Menurut Akta Chukai Pendapatan, 1967, dan/atau Akta Chukai Pendapatan Tambahan, 1967, pemberitahu adalah dengan ini diberi mengenai takhsiran yang dibuat bagitulah  
Pursuant to the Income Tax Act, 1967, and/or to the Supplementary Income Tax Act, 1967, notice is hereby given of the assessment as made for the year of  
assessment stated above in respect of you

Peritahuan adalah dengan ini di-buat bagi pembayaran chukai yang kena di-bayar yang terdapat di-bawah ini yang mestilah di-bayar di-dalam yang di-tunjukkan di muka ini  
Application is hereby made for payment of the tax payable stated below which must be paid on this notice at the address shown above  
You are notified that you may opt of payment of the tax payable within the time limit specified overleaf, but the full tax payable must be paid in full by the date of payment and the penalty for failure to pay the tax within three days after the service of this notice are explained overleaf.

Ketua Pentadbir Hasil Dalam Negeri  
Director-General of Internal Revenue,  
Malaysia

PENDAPATAN BERKAWAN STATUARY INCOME		M\$	KODA CODE	JUMLAH PENDAPATAN di-bawah kehadapan TOTAL INCOME brought forward	
557	1. Perolehan (termasuk profesion, perniagaan dan perdagangan dkk.) Gains (including profession, business and trade, etc.)	186166	021 022 023 024 025 026 027	Total Perolehan/ Less Deductions Seksyen 61 (2) / Section 61 (2) Daripada/ Personal Pendapatan Tersebut/ Earned Income Isteri/ Wife Pendapatan Tersebut Isteri/ Wife's Earned Income Anak/ Children Insuran Nyawa, Kumpulan Wang Simpanan dan Persekitaran/ Assurance, Provident and Pension Funds	186166
001	3. Penghasilan/ Employment: Gaji, upah, sedara dan van chuan Salary, wages, remuneration and van chuan	\$	030	PENDAPATAN YANG BOLEH DI-KENAKAN CHARGEABLE INCOME	186166
002	Bayaran, Komisen dan Bonus Fee, Commission and Bonus		031	KEUNTUNGAN TIMAH YANG BOLEH DI-CHUKAI TAXABLE TIN PROFITS	104880
003	Nilai Lempat Kerjasama Value of Joint Accumulation		032	PENDAPATAN KEMAJUAN DEVELOPMENT INCOME	186166
004	4. Dividen/ Dividends		033	CHUKAI PENDAPATAN/ INCOME TAX: Chukai di atas \$ _____ yang pertama Tax on first Chukai di atas belia \$ <b>186166</b> @ <b>40%</b> Tax on balance	54466.40
005	5. Fandan atau Dekoran/ Interest or Dividends		034	JUMLAH CHUKAI PENDAPATAN TOTAL INCOME TAX	
006	6. Sewa, Royalti atau Premium Rent, Royalties or Premiums		035	CHUKAI KEUNTUNGAN TIMAH TIN PROFITS TAX	
007	7. Pensiun/ Pensions		036	CHUKAI KEUNTUNGAN KAYU BALAK TIMBER PROFITS TAX	17850.40
008	8. Pendapatan daripada penubuhan dalam Malaysia Income from occupation in Malaysia of premises for manufacturing purposes		037	CHUKAI KEMAJUAN 5% of 186166 DEVELOPMENT TAX	8808.30
009	9. Lain/ Miscellaneous/ Other Income			JUMLAH CHUKAI YANG DI-KENAKAN TOTAL TAX CHARGED	79125.10
010	10. Amali/ Other Personal Payments		038	DI-TAMBAH/ADD: Chukai yang dahulunya di-bayar Belah/ Tax previously paid	
	Jumlah/ Total	186166		Perolehan/ Gains Seksyen 112 (3) dan/atau 113 (2) Perolehan/ Gains under Sections 112 (3) and/or 113 (2)	2000.00
011	11. Di-tambah/ADD: Pendapatan Balak Perhutanan Merchant Galan yang Galan/ Revenue of Merchant Timber Producers			JUMLAH/TOTAL	81125.10
012	12. Di-tolak/ Less: Keuntungan Perolehan di-bawah pendapatan dan tidak dibebaskan pada pemilikan sumber pendapatan lain yang sudah. (Terhad kepada Pendapatan Berkanan daripada perolehan) Gains have been brought forward and not allowed in computing total income of other years. (Restricted to Statutory Income from Sources)	186166	041	DI-TOLAK/ (Less) Perolehan yang di- kecualikan/ LESS (See Statements attached) Pelesenan Seksyen 130 Section 130 Relief	
013	13. PENDAPATAN KUMPULAN/ GROUPED INCOME: Di-tolak/ Less: (a) Keuntungan Perolehan yang di-tambahkan bagi tempoh awal/ Gains added for basis period		042	Pelesenan Seksyen 132 Section 132 Relief	
014	(b) Perbelanjaan Merchant Galan yang Gagal Unsuccessful Merchant Producers Expenses		043	Pelesenan Seksyen 133 Section 133 Relief	
015	(c) Amali yang kena di-bayar oleh Pengegah Amanan atau Wang bagi tahun asas Amals which has been paid by the Assessor for the year of assessment		044	Tolak/ Less Section 110 Relief	
016	(d) Hadiah Wang kepada Kerajaan atau Yayasan yang di-bayar Gift or Money to Government or a trust fund		045	CHUKAI YANG KENA DI-BAYAR TAX PAYABLE	81125.10
017	(e) Bayaran/ Other tax which was paid				
	JUMLAH PENDAPATAN yang kena di-bayar kehadapan/ TOTAL INCOME carried forward	186166			

7th July 1973

JABATAN HASIL DALAM NEGERI/  
BANGUNAN MAJLIS BANDARAN,  
JOMOR BAHRU

MALAYSIA

CHUKAI PENDAPATAN / INCOME TAX  
PEMBERITAHU TAKSIRAN / NOTICE OF ASSESSMENT

TAHUN TAKSIRAN  
YEAR OF ASSESSMENT **1972**

BORANG  
FORM

**J**

**1**

KAPADA:

Borang di-tetapkan di-bawah Seksyen 152 Akta Chukai Pendapatan, 1967  
Form prescribed under Section 152 of the Income Tax Act, 1967

**Manor Sendirian Berhad,  
c/p Syarikat Chua,  
2-G, Foh Chong Building,  
Johor Bahru.**

Taksiran No.:  
Assessment No.: **859852-05**

Tarikh/Date: **25-8-1973**

Menurut Akta Chukai Pendapatan, 1967, dan/atau Akta Chukai Pendapatan Tambahan, 1967, pemberitahuan ada-lah dengan ini di-beri mengenai taksi-  
rangan yang terbut di-atas berkenaan dengan masa  
assessment stated above in respect of you

Pemberitahuan ada-lah dengan ini di-buat bagi pembayaran chukai yang kena di-bayar yang terbut di-bawah ini yang mesti-lah di-bayar di-selamat yang di-tunjukkan di-muka se-belah  
apabila PENERIMA INI di-SAMPAIKAN. Jika tuan/puan tidak berpuas hati dengan taksi-ran ini tuan/puan boleh merayu terhadap-nya dalam borang yang di-tetapkan dalam had tempoh  
yang di-syaratkan di-muka se-belah, tetapi waktu bagaimana pun chukai penah yang kena di-bayar itu mesti-lah pula di-bayar.  
Jika merayu dan penalti kerana tidak membayar chukai dalam tempoh tiga puluh hari se-lepas pemberitahuan ini di-sampaikan ada-lah di-hurakan di-muka se-belah.  
Applcation is hereby made for payment of the tax payable stated below which must be paid on the service of this notice at the address shown overleaf. If you are aggrieved by this  
assessment you may appeal against it on the prescribed form, within the time limit specified overleaf, but the full tax payable must nevertheless be paid.  
The method of payment and the penalty for failure to pay the tax within thirty days after the service of this notice are explained overleaf.

M. S. SUNDARAM,  
Koran Pengarah Hasil Dalam Negeri,  
Director-General of Inland Revenue,  
Malaysia

KODA CODE	PENDAPATAN BERKANUN STATUTORY INCOME	M\$	KODA CODE	JUMLAH PENDAPATAN di-bawa kehadapan TOTAL INCOME brought forward	M\$
1	1. Perniagaan (termasuk profesion, pencarian dan perdagangan dsb.) Business (including profession, vocation and trade, etc.)	215835	021	Tolak Potongan/LESS Deductions:	5
857			022	Sekhsen 61 (2)/Section 61 (2)	
1			023	Diri/Personal	
2	2. Bahagian Pendapatan daripada Perhubungan Share of Partnership Income		024	Pendapatan Tunjangan/Earned Income	
2			025	Isteri/Wife	
2			026	Pendapatan Tunjangan Isteri Wife's Earned Income	
2			027	Anak/Children	
001	3. Pengajiran: Employment: Gaji, upah, anjakan dan gaji chubul Salary, wages, remuneration and leave pay	5	027	Insuran Nyawa, Kumpulan Wang Sim- punan dan Pencen/Life Assurance, Provident and Pension Funds	
002	Bayaran, Komisen dan Bonus Fee, Commission and Bonus		PENDAPATAN YANG BOLEH DI-KENAKAN CHARGEABLE INCOME		215835
003	Nilai Tempat Kediaman Value of Living Accommodation		030	KEUNTONGAN TIMAH YANG BOLEH DI-CHUKAI TAXABLE TIN PROFITS	
004	4. Dividen/Dividends		031	KEUNTONGAN KAYU BALAK YANG BOLEH DI-CHUKAI/TAXABLE TIMBER PROFITS	9289.70
005	5. Faedah atau Diskaun/Interest or Discounts		032	PENDAPATAN KEMAJUAN DEVELOPMENT INCOME	215835
006	6. Sewa, Royalti atau Premium Rents Royalties or Premiums		033	CHUKAI PENDAPATAN/INCOME TAX:	
007	7. Pencen/Pensions			Chukai di-atas \$ .. .. . yang pertama Tax on first	
008	8. Pendapatan daripada menduduki dalam Malaysia premis bukan untuk berniaga Income from occupation in Malaysia of premises for non-business purposes			Chukai di-atas baki \$ <b>215835</b> @ <b>40</b> % Tax on balance	86334.00
009	9. Lain-lain Pendapatan/Other Income:			JUMLAH CHUKAI PENDAPATAN TOTAL INCOME TAX	
010	(a) .. .. .		035	CHUKAI KEUNTONGAN TIMAH TIN PROFITS TAX	
010	(b) .. .. .		036	CHUKAI KEUNTONGAN KAYU BALAK TIMBER PROFITS TAX	9289.70
010	10. Anuiti atau lain-lain Bayaran Berkala Annuities or other Periodical Payments		037	CHUKAI KEMAJUAN 5% of 215835 DEVELOPMENT TAX	10791.75
	Jumlah/Total	215835		JUMLAH CHUKAI YANG DI-KENAKAN TOTAL TAX CHARGED	106,415.45
011	Di-tambah/Add: Pendapatan Boleh Perbelanjaan Mencari Galian yang Gagal/Revenues of Abortive Prospecting Expenses		034	DI-TAMBAH/ADD: Chukai yang dahulu-nya di-bayar balek/Tax previously Repaid	
012	Di-tolak/Less: Kerugian Perniagaan di-bawa kehadapan dan tidak di-benarkan pada pengiraan jumlah pendapatan tahun yang selanjut. (Terhad kepada Pendapatan Berkanun daripada perniagaan) Business losses brought forward and not allowed in computing total income of earlier years. (Restricted to Statutory income from business)		038	Penalti di-benarkan di-Lewah Sek- hsen/112 (3) dan/atau 113 (2) .. Penalty imposed under Sections/112 (3) and/or 113 (2)	3000.00
	PENDAPATAN KUMPUL/AGGREGATE INCOME	215835		JUMLAH/TOTAL	109,415.45
013	Di-tolak/Less: (i) Kerugian Perniagaan yang di-laraskan bagi tempoh atau Adjusted business loss for basis period		041	DI-TOLAK: (Lihat Penyata yang di- kepitkan) LESS (See Statements attached) Pelepasan Seksyen 130 Section 130 Relief	
014	(ii) Perbelanjaan Mencari Galian yang Gagal Abortive Prospecting Expenses		042	Pelepasan Seksyen 132 Section 132 Relief	
015	(iii) Anuiti yang Lena di-bayar oleh Pemegang Amanah atau Wali bagi tahun atau Annuity payable by Trustee or Executor for basis year		043	Pelepasan Seksyen 133 Section 133 Relief	
016	(iv) Hadiah Wang kepada Kerajaan atau Yayasan yang di-luluskan Gift of Money to Government or approved Institutions		044	Tolakan Seksyen 110 Section 110 set-off	
017	(v) Bayaran Utang yang di-wajutkan Obligatory Payments due		055	CHUKAI YANG KENA DI-BAYAR TAX PAYABLE	109415.45
	JUMLAH PENDAPATAN yang akan di-bawa kehadapan/TOTAL INCOME carried forward	215835			

A.2  
 Notice of  
 Assessment  
 for 1973  
 7th July 1973

A.2  
 NOTICE OF ASSESSMENT FOR 1973

6  
 (C.P. 1  
 (Pn. 7172

MALAYSIA  
**CHUKAI PENDAPATAN/INCOME TAX**  
**PEMBERITAHU TAKSIRAN/NOTICE OF ASSESSMENT**  
 TAHUN TAKSIRAN **1973**  
 YEAR OF ASSESSMENT

BORANG  
 FORM **J**

**1**

KAPADAI **Manor Sendirian Berhad, a/e Syarikat Cina, 2-G, Foh Chong Building, Johor Bahru.**

Taksiran No./  
 Assessment No.: **859852-05**  
 7 JUL 1973  
 Tarikh/Daw/  
 28-6-1973

Memorandum Akta Chukai Pendapatan, 1967, dan/atau Akta Chukai Pendapatan Tambahan, 1967, pemberitahu ada-lah dengan ini di-beri mengenai taksaan yang di-buat bagi tahun *Memorandum to the Income Tax Act, 1967, and/or to the Supplementary Income Tax Act, 1967, notice is hereby given of the assessment made for the year of assessment stated above in respect of you.* Permohonan ada-lah dengan ini di-buat bagi pembayaran chukai yang kena di-bayar yang tersebut di-bawah ini yang mestilah di-bayar di-alamat yang di-tunjukkan di-muka se-belum apabila pemberitahu ini di-tampakkah. Jika tuan/puan tidak berpuas hati dengan taksaan ini tuan/puan boleh memayu terhadap-nya dalam buwang yang di-tetapih dalam had tempoh yang di-masyahkan di-muka se-belum, tetapi walau bagaimanapun chukai penuh yang kena di-bayar itu mestilah juga di-bayar. *Chukai membayar dan penuh kerana tidak membayar chukai dalam tempoh tiga puluh hari se-lepas pemberitahu ini di-sampaikan ada-lah di-hurakan di-muka se-belum.* *Application is hereby made for payment of the tax payable stated below which must be paid on this day or within thirty days of the date of this notice. If you are aggrieved by this assessment you may appeal against it on the prescribed form within the time limit specified overleaf, but the full tax payable must nevertheless be paid.* *The method of payment and the penalty for failure to pay the tax within thirty days after the service of this notice are explained overleaf.*

M. S. SUNDARAM,  
 Ketua Pengarah Hasil Dalam Negeri,  
 Director-General of Inland Revenue,  
 Malaysia

KODA CODE	PENDAPATAN BERKALANUN STATUTORY INCOME	M\$	KODA CODE	JUMLAH PENDAPATAN di-bawah Lelahtapan TOTAL INCOME brought forward	M\$
357	1. Perniagaan (termasuk profesion, pencarian dan perdagangan dab.) Business (including profession, vocation and trade, etc.)	250,000	021	Tolak Potongan/ Less Deductions:	
				Sekaben 61 (2)/Section 61 (2)	
			022	Diti/Personal	
			023	Pendapatan Tenaga/Earned Income	
			024	Isteri/Wife	
			025	Pendapatan Tenaga Isteri/Wife's Earned Income	
			026	Anak/Children	
			027	Insuran Nyawa, Kumpulan Wang Simpanan dan Pencen/Life Assurance, Provident and Pension Funds	
				PENIAPATAN YANG BOLEH DI-KENAKAN CHARGEABLE INCOME	250,000
			030	KEUNTONGAN TIMAH YANG BOLEH DI-CHUKAI TAXABLE TIN PROFITS	
			031	KEUNTONGAN KAYU PALAK YANG BOLEH DI-CHUKAI/TAXABLE TIMBER PROFITS	
			032	PENDAPATAN KEMAJUAN DEVELOPMENT INCOME	250,000
			033	CHUKAI PENDAPATAN/INCOME TAX:	
				Chukai di atas \$ yang pertama Tax on first	
				Chukai di atas baki \$ 250,000.46 100,000.00 Tax on balance	
				JUMLAH CHUKAI PENDAPATAN TOTAL INCOME TAX	
			035	CHUKAI KEUNTONGAN TIMAH TIN PROFITS TAX	
			036	CHUKAI KEUNTONGAN KAYU BALAK TIMBER PROFITS TAX	
			037	CHUKAI KEMAJUAN DEVELOPMENT TAX	12,500.00
				JUMLAH CHUKAI YANG DI-KENAKAN TOTAL TAX CHARGED	112,500.00
			034	DI-TAMBAH/ADD: Chukai yang dahulu-nya di-bayar baki/Tax previously Repaid	
			038	Penalti di-kenakan di-bawah Sekshen 112 (3) dan/atau 113 (2) Penalty imposed under Section 112 (3) and/or 113 (2)	
				JUMLAH/TOTAL	112,500.00
				DI-TOLAK: (Libat Penyata yang di-kepitkan) LESS (See Statements attached)	
			041	Pelepasan Sekshen 130 Section 130 Relief	
			042	Pelepasan Sekshen 132 Section 132 Relief	
			043	Pelepasan Sekshen 133 Section 133 Relief	
			044	Tolakan Sekshen 110 Section 110 set-off	
			055	CHUKAI YANG KENA DI-BAYAR TAX PAYABLE	112,500.00
				JUMLAH PENDAPATAN yang akan di-bayar Lelahtapan/TOTAL INCOME carried forward	250,000

JABATAN HASIL DALAM NEGERI,  
 BANGUNAN MAJLIS BANDARAN,  
 JOHORE BARU

MALAYSIA  
 CHUKAI PENDAPATAN/INCOME TAX  
 TAKSIRAN YANG DIKURANGKAN  
 REDUCED ASSESSMENT  
 TAHUN TAKSIRAN 1973  
 YEAR OF ASSESSMENT

BORANG JR  
 FORM

1

Kemudi

Manor Sendirian Berhad,  
 s/o. Goonging And Chew,  
 2nd. Floor, Room 10-82,  
 Hotel Rasa Sayang,  
 Jalan Dato Dalam, Johore Bahru.

GOONGING & CHEW

26 DEC 1974

Taksiran No.: 859852-05

Tahun/Date: 21-12-1974

Demikian ini surat aduan telah di-buatnya bahawa taksiran bagi tahun taksiran yang tertera di atas berlawanan dengan tahun telah di-buatnya mengikut pengiraan yang berikut.  
 You are hereby notified that the assessment for the year of assessment stated above is subject of your has been referred to accordance with the following computation.

M. S. SUNDARAM,  
 Ketua Pengarah Hasil Dalam Negeri,  
 Director-General of Inland Revenue,  
 Malaysia

Kod Code	Chukai Income Tax	yang kena di-bayar mengikut tarif Tax payable per assessment	\$	c.
048	berterikh/assess	7.7.1973	112,500	00
046	Chukai yang telah di-bayar seperti yang tertera di bawah Tax payable as shown below		30,835	05
	Jumlah Chukai yang di-Lepaskan Amount of Tax Discharged		81,664	95

PENGIRAAN/COMPUTATION

KOD CODE	PENDAPATAN BERKADUN STATUTORY INCOME	MS	KOD CODE	JUMLAH PENDAPATAN di-bawah kahadapan TOTAL INCOME brought forward	
104	1. Perolehan (termasuk profesion, perikanan dan perniagaan d-l.) Business (including profession, vocation and trade etc.)	Nil	001	Totol Potongan/ Less Deductions: \$	67361
1557		67361	021	Sekatan 61 (2) Section 61 (2)	
1			022	Diri/Personal	
2	2. Bahagian Pendapatan daripada Perolehan Share of Partnership Income		023	Pendapatan Tenaga/Earned Income	
2			024	Isteri/Wife	
2			025	Pendapatan Tenaga Istri Wife's Earned Income	
2			026	Anak/Children	
004	3. Penghasilan/Employment: Gaji, upah, seranta dan gaji eteni Salary, wages, remuneration and honoraria	\$	027	Insuran Nyawa, Kumpulan Wang Simpanan dan Persekitan/Life Assurance, Provident and Pension Funds...	
002	Bayaran, Komen dan Bonus Fee, Commission and Bonus			PENDAPATAN YANG BOLEH DI-KENAKAN CHARGEABLE INCOME	67361
003	Nilai Tempat Kaitanan Value of Living Accommodation		030	KEUNTONGAN TIMAH YANG BOLEH DI-CHUKAI TAXABLE TIN PROFITS	
004	4. Dividen/Dividends		031	KEUNTONGAN KAYU BALAK YANG BOLEH DI-CHUKAI/TAXABLE TIMBER PROFITS	5226
005	5. Feadah atau Diskon/Interest or Discounts		032	PENDAPATAN KEMAJUAN DEVELOPMENT INCOME	67361
006	6. Sewa, Royalti atau Premium Rent, Royalties or Premiums		033	CHUKAI PENDAPATAN/INCOME TAX:	
007	7. Pensiun Pension			Chukai di-tas \$ 67361 @ 40% Tax on first	26,944.40
008	8. Pendapatan daripada menduduki dalam Malaysia Income from occupation in Malaysia of premises for non-business purposes			Chukai di-tas baki \$ @ % Tax on balance	
009	9. Lain-lain Pendapatan/Other Income:			JUMLAH CHUKAI PENDAPATAN TOTAL INCOME TAX	
010	10. Amali atau Inai Bayaran Berkala Annuities or other Periodical Payments		034	CHUKAI KEUNTONGAN TIMAH TIN PROFITS TAX	
	Jumlah/Total	67361	036	CHUKAI KEUNTONGAN KAYU BALAK TIMBER PROFITS TAX 10% x 5226	522.60
011	Di-tambah/Add: Pendapatan baki Perolehan Manchari Galian yang Gagal/Reserves of Aberrive Prospecting Expenses		037	CHUKAI KEMAJUAN DEVELOPMENT TAX 5% of 67361	3368.05
012	Di-tahik/Less: Kerugian Perniagaan di-bawa kahadapan dan tidak di-burukkan pada pengiraan jumlah pendapatan tahun yang sedia. (Terhad kepada Pendapatan Berkadun daripada perolehan) Business losses brought forward and not allowed in computing total income of earlier years. (Restricted to Statutory income from business)			JUMLAH CHUKAI YANG DI-KENAKAN TOTAL TAX CHARGED	30,835.05
	PENDAPATAN KUMPUL/AGGREGATE INCOME	67361	038	DI-TAMBAH/ADD: Chukai yang dahulu-daya di-bayar baki/Tax previously Repaid	
013	Di-tahik/Less: (i) Kerugian Perniagaan yang di-laraskan bagi tempoh masa/Adjusted Business loss for basis period		039	Pemati di-kemakan di-bawah Sek- sion/112 (3) dan/atau 113 (2) Penalty imposed under Section/112 (3) and/or 113 (2)	
014	(ii) Perolehan Manchari Galian yang Gagal Aberrive Prospecting Expenses			JUMLAH/TOTAL	
015	(iii) Amali yang kena di-bayar oleh Pemegang Amanah atau Wai bagi tahun asa Annuity payable by Trustee or Executor for basis year		040	DI-TOLAK: (Lihat Penyata yang di-Keptikan) LESS: (See Statements Attached) Pelepasan Sekhan 130 Section 130 Relief	
016	(iv) Hadiah Wang kepada Kerajaan atau Yayasan yang di-luluskan Gifts of Money to Government or approved Institutions		042	Pelepasan Sekhan 132 Section 132 Relief	
017	(v) Bayaran Usama yang di-wajibkan Obligatory Religious dues		043	Pelepasan Sekhan 133 Section 133 Relief	
	JUMLAH PENDAPATAN yang akan di-bawa ke-wadapan/TOTAL INCOME carried forward	67361	044	Tolakan Sekhan 110 Section 110 set-off	
			055	CHUKAI YANG KENA DI-BAYAR TAX PAYABLE	30,835.05

PCK/EM 17-12-

A.2  
Notice of  
Appeal  
to the  
Special  
Commissioners  
of Income Tax  
against 1971  
Assessment  
2nd August,  
1973

A.2  
NOTICE OF APPEAL AGAINST 1971 ASSESSMENT

MALAYSIA  
**CHUKAI PENDAPATAN/INCOME TAX**  
**BORANG Q/FORM Q**

(C.P. 14)

BORANG

Q

12/73

Borang ditetapkan di-bawah Seksyen 152 Act Chukai Pendapatan, 1967  
Form prescribed under Section 152 of the Income Tax Act, 1967

Kapada/To

Pengawal Besar Hasil Dalam Negeri,  
Comptroller-General of Inland Revenue.

Tingkat 3,

P.O.Box 719,

Johore Bahru.

(Lihat chatitan di-bawah/See note below)

Daripada/From

**Mamor Sendirian Berhad**

c/o Coopers & Lybrand,

Rooms 12 & 13, Town Council

Building, Johore Bahru.

**NOTIS RAYUAN KAPADA PESUROHJAYA KHAS CHUKAI PENDAPATAN**  
(Seksyen 99 (1) Act Chukai Pendapatan, 1967)  
**NOTICE OF APPEAL TO THE SPECIAL COMMISSIONERS OF INCOME TAX**  
(Section 99 (1) of the Income Tax Act, 1967)

Taksiran No./Assessment No.

859852-05

**Mamor Sendirian Berhad,**

Yana  
Name

**Me, Mamor Sendirian Berhad**

Saya  
As

7-7-1973

yang tidak berpuashati dengan taksiran\*/taksiran tambahan bertarikh.....  
being aggrieved by the assessment\*/additional assessment dated

yang menunjukkan S. 81125.10.....sa-bagai chukai yang kena di-bayar bagi tahun taksiran 19...71.  
showing tax payable for year of assessment

yang pemberitahu mengenai-nya telah di-sampaikan kepada saya pada.....7-7-1973.....merayu kepada  
notice of which was served on me on appeal to

Pesuruhjaya Khas atas alasan<sup>2</sup> berikut:  
the Special Commissioners on the following grounds:

- 1) The Company is not a timber operator.
- 2) The lease given is for the planting of oil palm as specified in the Express condition of the lease (Copy of it will be sent as soon as it has been received from Commissioner of Lands & Mines; Johor)

*Coopers Lybrand*

Coopers & Lybrand

Di-tandatangani/Signed

Tarikh/Date.....2nd August.....19 73

Agent

Jawatan/Designation

\* Jika berkenaan/Where applicable.

CHATITAN: Satu pemberitahu rayuan yang berasingan hendaklah di-beri bagi tiap<sup>2</sup> satu taksiran.  
Notis ini hendaklah di-hantar kepada Pejabat Hasil Dalam Negeri di-alamat yang di-tunjukkan di-dalam Notis Taksiran.

NOTE: A separate notice of appeal should be given for each assessment.  
The notice should be sent to the Inland Revenue Office at the address shown on the Notice of Assessment.

(Di-terjemahkan oleh Peguam Negara, Malaysia menurut Pemberitahu Undanguan No. 12 tahun 1964- PN. 470/3; IR. 3/14.)

No. 2  
NOTICE OF APPEAL AGAINST 1972 ASSESSMENT

A.2  
Notice of Appeal  
to the Special  
Commissioners  
of Income Tax  
against 1972  
Assessment  
2nd August, 1973

9

(C.P. 14)

MALAYSIA  
CHUKAI PENDAPATAN/INCOME TAX  
BORANG Q/FORM Q

BORANG

Q

Borang di tetapkan di bawah Seksyen 152 Act Chukai Pendapatan, 1967  
Form prescribed under Section 152 of the Income Tax Act, 1967

11/73

Kapada/To

Pengawal Besar Hasil Dalam Negeri,  
Comptroller-General of Inland Revenue,  
Tingkat 3,  
P.O. Box 719,  
Johore Bahru.  
(Lihat catatan di bawah/See note below)

Daripada/From

Manor Sendirian Berhad,  
c/o Coopers & Lybrand,  
House 12 & 13, Town Council  
Building, Johore Bahru.

NOTIS RAYUAN KAPADA PESUROHJAYA KHAS CHUKAI PENDAPATAN  
(Seksyen 99 (1) Act Chukai Pendapatan, 1967)  
NOTICE OF APPEAL TO THE SPECIAL COMMISSIONERS OF INCOME TAX  
(Section 99 (1) of the Income Tax Act, 1967)

Nama Manor Sendirian Berhad  
Name

Taksiran No./Assessment No.  
859852-05

Saya, xx  
xx  
We, Manor Sendirian Berhad

yang tidak berpuashati dengan taksiran\*/taksiran tambahan bertarikh 7th July 1973  
being aggrieved by the assessment\*/additional assessment dated

yang menunjukkan \$ 109,415.45 sa-bagai chukai yang kena di-bayar bagi tahun taksiran 1972  
showing tax payable for year of assessment

yang pemberitahu mengenai-nya telah di-sampaikan kepada saya pada 7th July 1973 merayu kepada  
notice of which was served on me on appeal to

Pesuruhjaya Khas atas alasan<sup>2</sup> berikut:  
the Special Commissioners on the following grounds:

- 1) The Company is not a timber operator.
- 2) The lease given is for the planting of oil palm as specified in the Express condition of the lease (Copy of it will be sent as soon as it has been received from Commissioner of Lands & Mines, Johor).

*Coopers & Lybrand*  
Coopers & Lybrand  
Di-tandatangani/Signed

Tarikh/Date 2nd August 1973

Agent

Jawatan/Designation

\* Jika berkenaan/Where applicable.

CHATITAN: Satu pemberitahu rayuan yang berasingan hendaklah di-beri bagi tiap<sup>2</sup> satu taksiran.  
Notis ini hendaklah di-hantar kepada Pejabat Hasil Dalam Negeri di-alamat yang ditunjukkan di-dalam Notis Taksiran.  
NOTE: A separate notice of appeal should be given for each assessment.  
The notice should be sent to the Inland Revenue Office at the address shown on the Notice of Assessment.

(Di-terjemahkan oleh Peguam Negara, Malaysia menurut Pemberitahu Undanguan No. 12 tahun 1964 PN. 3470/3, IR. 3/14.)

A.2  
Notice of Appeal  
to the Special  
Commissioners of  
Income Tax against  
1973 Assessment  
2nd August 1973

A.2  
NOTICE OF APPEAL AGAINST 1973 ASSESSMENT

MALAYSIA  
CHUKAI PENDAPATAN/INCOME TAX  
BORANG Q/FORM Q

(C.P. 14)

BORANG **Q**  
1973

Borang di-tetapkan di-bawah Seksyen 152 Act Chukai Pendapatan, 1967  
Form prescribed under Section 152 of the Income Tax Act, 1967

Kapada/To

Pengawal Besar Hasil Dalam Negeri,  
Comptroller-General of Inland Revenue,

Tingkat 3,

P.O. Box 719,

Johore Bahru.

(Lihat chatitan di-bawah / See note below)

Daripada/From

Mamor Sendirian Berhad,

c/o Coopers & Lybrand,

Rooms 12 & 13, Town Council

Building, Johore Bahru.

NOTIS RAYUAN KAPADA PESUROHJAYA KHAS CHUKAI PENDAPATAN  
(Seksyen 99 (1) Act Chukai Pendapatan, 1967)  
NOTICE OF APPEAL TO THE SPECIAL COMMISSIONERS OF INCOME TAX  
(Section 99 (1) of the Income Tax Act, 1967)

Nama..... **Mamor Sendirian Berhad** .....  
Name

Taksiran No./Assessment No.

859852-05

Saya..... **Wo, Mamor Sendirian Berhad** .....  
I

7th July 1973

yang tidak berpuashati dengan taksiran\*/taksiran tambahan bertarikh.....  
being aggrieved by the assessment\*/additional assessment dated

yang menunjukkan S..... **112,500.00** .....sa-bagai chukai yang kena di-bayar bagi tahun taksiran 19 **73** ..  
showing tax payable for year of assessment

yang pemberitahu mengenai-nya telah di-sampaikan kepada saya pada..... **7th July 1973** .....merayu kepada  
notice of which was served on me on appeal to

Pesuruhjaya Khas atas alasan<sup>2</sup> berikut:  
the Special Commissioners on the following grounds:

- 1) The income estimated is excessive.

*Coopers & Lybrand*  
Coopers & Lybrand  
Di-tandatangani/Signed

Tarikh/Date..... **2nd August** .....19 **73**

Agent

Jawatan/Designation

\* Jika berkenaan/Where applicable.

CHATITAN: Satu pemberitahu rayuan yang berasingan hendak-lah di-beri bagi tiap<sup>2</sup> satu taksiran.  
Notis ini hendak-lah di-hantar kepada Pejabat Hasil Dalam Negeri di-alamat yang di-tunjukkan di-dalam Notis Taksiran.  
NOTE: A separate notice of appeal should be given for each assessment.  
The notice should be sent to the Inland Revenue Office at the address shown on the Notice of Assessment.

(Di-terjemahkan oleh Pegawai Negara, Malaysia menurut Pemberitahu Undangan No. 12 tahun 1964 -PN. 3470/3; IR. 3/14.)

A.2 - Computation of Chargeable  
Income and Taxable Timber Profit  
for Years of Assessment 1971 and  
1972 from the Income Tax Department

JABATAN HASIL DALAN NEGERI

Tal. No. JB.2154/2155      Bangunan Majlis Bandaran,  
859852-05 (LKT/KM)      (Tingkat Yang Ketiga),  
Peti Surat Pos 719,

Bil. Tuan:                      Johor Baharu  
7 JUL 1973

10

Mamor Sendirian Berhad,  
c/o Syarikat Chua,  
2-G, Foh Chong Building,  
Johor Bahru.

Tuan/Puan,

Mamor Sendirian Berhad.

I set out below Income Tax Computation for  
the year of Assessment 1971 & 1972. If you are  
aggrieved by the adjustments made in the  
20 Computation, your appeal must accompany by:-

- (a) Your own Income Tax Computation;
- (b) Analysis of expenditure (if such items are  
disputed);
- (c) Schedule of Capital Allowances (if such are  
claimed);

to reach this office within the next 30 days.  
Where no such appeal is received within the said  
period, it shall be taken that the assessment is  
30 having been accepted.

Yang benar,

(Ioo Kow Tea)

Penolong Pengarah Hasil Dalam Negeri,  
Tl/73                              Johor Baharu.

TAHUN TAKSIRAN 1971

Accounts for Year Ended 31.12.1970

Balance of Profit and Loss Account              -7080

Less:

40

Land Rent	24257	
Sales Commission	6711	
Loan Interest	112288	
Depreciation	<u>6</u>	<u>143262</u>

136,182

Less - capital allowance                      -16

136,166

EXHIBITS

A.2  
Computation  
of chargeable  
Income and  
Taxable Timber  
Profit for  
years of  
Assessment  
1971 and 1972  
from the  
Income Tax  
Department  
7th July 1973



EXHIBITS

TAHUN TAKSIRAN 1972

A2

Accounts for Year Ended 31.12.1971

Computation of chargeable Income and Taxable Timber Profit for years of Assessment 1971 & 1972 from the Income Tax Department 7th July 1973 (cont'd)	Balance of Profit and Loss Account		45,323
	Add:		
	Land Rent	26952	
	Sales Commission	30858	
	Loan Interest	112699	
	Depreciation	<u>6</u>	<u>170,515</u>
			215,838
	Less - capital allowance		<u>-3</u>
			<u>215,835</u>

10

JABATAN HASIL DALAM NEGERI, MALAYSIA

EXHIBITS

COMPUTATION OF TIMBER PROFITS TAX -

A2  
Computation  
of chargeable  
Income and  
Taxable Timber  
Profit for  
years of  
Assessment  
1971 & 1972  
from the  
Income Tax  
Department  
7th July 1973  
(cont'd)

YEARS OF ASSESSMENT 1971

File No. 859852-05

Name of Taxpayer:

Mamor Sendirian Berhad

Name of Business	(1)	(2)	
	\$	\$	\$
GROSS INCOME derived from timber operations:			
10 (a) Sale of logs	312,061	.....	
(b) Use of logs	.....	.....	
(c) .....	.....	.....	
TOTAL GROSS INCOME	312,061		

Less:

Expenses wholly attributable to timber profits	.....	175,979	.....
[excluding non- service directors 20 Sec.13(1) (a) income]	.....		.....

Less:

Expenses partly attributable to timber operations	.....		.....
[excluding non- service directors 30 Sec.13(1) (a) income]	.....	-	.....
	.....		.....

ADJUSTED TIMBER PROFIT	136,082	.....
------------------------	---------	-------

[Before non-service directors Sec.13(1) (a) income]	-	.....
---	---	-------

Less: Non-Service  
Directors Remuner-  
ation

ADJUSTED TIMBER PROFIT	136,082	.....
------------------------	---------	-------

40 <u>Add: Balancing and forest charges</u>	-	.....
---	---	-------

<u>Less: Capital Allowances</u>	16	.....
---------------------------------	----	-------

TIMBER PROFIT	136,066	.....
---------------	---------	-------

<u>Less: 10% gross income derived from timber operations</u>	31,206	.....
	104,860	

EXHIBITS

AGGREGATE OF TIMBER PROFIT

A2  
Computation  
of chargeable  
Income and  
Taxable  
Timber  
Profit for  
years of  
Assessment  
1971 & 1972  
from the  
Income Tax  
Department  
7th July  
1973  
(cont'd)

(..... sources - after 10% 104,860  
deduction)

Less: Proportion of  
Sec.44(6) deduction ..... -

TAXABLE TIMBER PROFIT 104,860  
=====

TIMBER PROFITS TAX			\$
ON	\$31206 @ 10%	=	3120.60
	<u>\$73654 @ 20%</u>	=	<u>14730.80</u>
TIMBER PROFITS TAX	104860		17850.40
CHARGEABLE	<u>          </u>		<u>          </u>

10

Office of Issue J.B. Date of Issue  
7 JUL 1973



EXHIBITS

A2  
Computation  
of charge-  
able Income  
and Taxable  
Timber  
Profit for  
years of  
Assessment  
1971 & 1972  
from the  
Income Tax  
Department  
7th July  
1973  
(cont'd)

AGGREGATE OF TIMBER PROFIT  
(..... sources - after  
10% deduction) 92897

Less: Proportion of Sec.44  
(6) deduction

-  
.....  
.....  
-----

TAXABLE TIMBER PROFIT

92897  
=====

TIMBER PROFITS

TAX ON \$ 92897 @ 10% = \$ 9289.70 10  
\$ @ 20% = -

\$  
9289.70  
-----  
-

TIMBER PROFITS TAX CHARGEABLE

9289.70  
=====

Office of Issue  
71/X km.

JB

Date of Issue 7 JUL 1973

A.2 - Revised Computation of  
Chargeable Income and Taxable  
Timber Profit for the year of  
Assessment 1973 from the Income  
Tax Department

EXHIBITS

A.2  
Revised  
Computation  
of charge-  
able Income  
& Taxable  
Timber profit  
for the year  
of Assessment  
1973 from the  
Income Tax  
Department  
21st December  
1974

JABATAN HASIL DALAM NEGERI

Tal.No. JB.2154/2155

JB/R.17B(Rev.)

Bil.Kami: 859852-05 (PCK/KM)

Bil. Tuan:

Bangunan Majlis Bandaran,  
(Tingkat Yang Ketiga),  
Peti Surat Pos 719,  
Johor Baharu,

21.12.1974

STAMPED GOONTING & CHEW  
26 DEC 1974

Mamor Sendirian Berhad,  
c/o Goonting And Chew,  
2nd Floor, Room 10-B2,  
Notal Basa Sayang,  
Jalam Dato Dalen,  
Johor Bahru.

Taun/Puan,

Mamor Sendirian Berhad

I set out below Income Tax Computation for  
the Year of Assessment 1973 & 1974. If you are  
aggrieved by the adjustments made in the  
Computation, your appeal must accompany by:-

- (a) Your own Income Tax Computation;
- (b) Analysis of expenditure (if such items are disputed);
- (c) Schedule of Capital Allowances (if such  
are claimed);

to reach this office within the next 30 days.  
Where no such appeal is received within the said  
period, it shall be taken that the assessment is  
having been accepted.

Yang benar,

Sgd. P. Chandra Kumar  
(P. Chandra Kumar)

Penolong Pengarah Hasil Dalam Negeri,  
Johor Baharu.

t1/73

EXHIBITS

Year of Assessment 1973

A.2

Accounts for period 1.1.72 to 30.9.72

Revised  
Computation  
of charge-  
able Income  
and Taxable  
Timber profit  
for the year  
of Assessment  
1973 from the  
Income Tax  
Department  
21st December  
1974  
(cont'd)

Revised.

Statutory Income from Oil  
Palm Cultivation Nil

Net Income from Timber Logging  
for eighteen months ended 30.6.1973 \$42,790

Add: Inadmissible expenses.

Office Rent	\$1500		
Audit Fee	2500		10
Loan Interest	<u>87933</u>	<u>91933</u> *	
Adjusted Profit for eighteen months		<u>134723</u>	

Year of Assessment 1973 - basis period 1.1.72  
to 30.9.72 (9 months)

Adjusted Income chargeable  
to tax  $\frac{1}{2} \times \$134,723 = \$67361.$

\*The amount of \$91,933 shown as indirect charges  
have been disallowed in view of Note 6 to audited  
accounts for 18 months period ended 30th June,  
1973. 20

Year of Assessment 1974

Accounts for period 1.10.72 to 30.6.1973

Year of Assessment 1974 - basis period 1-10-72  
to 30-6-73 (9 months)

Adjusted Income from Timber Logging  
Chargeable to tax  $\frac{1}{2} \times \$134723$   
= \$67362.

Statutory Income from Oil Palm  
Cultivation Nil 30

Chargeable Income \$67362

Timber Profits Tax 1973

EXHIBITS

Sales of Timber Logs etc. for 18 months ended 30.6.1973	<u>\$386,903</u>
.. Sales etc. attributable for period 1.1.72 to 30.9.72 ( $\frac{1}{2}$ x 386,903)	193,452
<u>Less:</u> $\frac{1}{2}$ of Direct Charges attributable ( $\frac{1}{2}$ x \$327,237)	163619
<u>Less:</u> $\frac{1}{2}$ of Indirect Charges allowable ( $\frac{1}{2}$ x 10,523)	<u>5262</u> 168881 -
Adjusted Timber Profits	<u><u>24,571</u></u>

A.2  
Revised  
Computation  
of charge-  
able Income  
and Taxable  
Timber profit  
for the year  
of Assessment  
1973 from the  
Income Tax  
Department  
21st December  
1974  
(cont'd)

10

Timber Profits Tax 1974

Sales of Timber attributable to period 1.10.72 to 30.6.73 ( $\frac{1}{2}$ x 386,903)	193,451
<u>Less:</u> $\frac{1}{2}$ of Direct Charges attributable	163,618
$\frac{1}{2}$ of Indirect Charges allowable	<u>5,261</u> 168,879
Adjusted Timber Profits	<u><u>24,572</u></u>



JB/R.190 (Rev.)

EXHIBITS

A.2

JABATAN HASIL DALAM NEGERI, MALAYSIA

Revised  
Computation  
of charge-  
able Income  
and Taxable  
Timber Profit  
for the year  
of Assessment  
1973 from the  
Income Tax  
Department  
21st December  
1974  
(cont'd)

COMPUTATION OF TIMBER PROFITS TAX - YEAR OF  
ASSESSMENT 1973

File No: 859852-05 Name of Taxpayer:  
Mamor Sendirian Berhad.

Name of Business	(1) \$	(2) \$	\$
GROSS INCOME derived from timber operations:	193,452		10
(a) Sale of logs	.....	.....	
(b) Use of logs	.....	.....	
(c) .....	.....	.....	
TOTAL GROSS INCOME	193,452		

Less:

Expenses wholly attributable to timber profits [excluding non- service directors Sec.13(1) (a) income]	163619	.....	20
--	--------	-------	----

Less:

Indirect Expenses attributable to timber operations [excluding non- service directors Sec.13(1) (a) income]	5262	.....	
	.....	168,881	30

ADJUSTED TIMBER PROFIT [Before non-service directors Sec.13(1) (a) income]	24,571	.....	
	-	.....	

Less:

Non-Service Directors Remuneration		.....	
ADJUSTED TIMBER PROFIT	24,571	.....	

Add: Balancing and forest charges 40

<u>Less:</u> Capital allowances	-	.....	
TIMBER PROFIT	24,571	.....	

<u>Less:</u> 10% gross income derived from timber operations	19,345	.....	
--	--------	-------	--

AGGREGATE OF TIMBER PROFIT	5226
(..... sources - after 10% deduction)	
Less: Proportion of Sec. 44(6) deduction	-
	.....
	.....
	=====
TAXABLE TIMBER PROFIT	5226
	=====

EXHIBITS  
A.2  
Revised  
Computation  
of charge-  
able Income  
and Taxable  
Timber Profit  
for the year  
of Assessment  
1973 from the  
Income Tax  
Department  
21st December  
1974  
(cont'd)

TIMBER PROFITS			
TAX ON	\$ 5226 @ 10%	=	\$522.60
	\$ .... @ 20%	=	-
			-----
TIMBER PROFITS TAX CHARGEABLE			522.60
			=====

Office of Issue Johore Bahru.

Date of Issue 17.12.1974.

t71/x

10

EXHIBITS

A.2.  
Computation  
and Qualify-  
ing Plantation  
Expenditure  
Statements  
for the years  
of Assessment  
1971 and 1972  
from the  
Appellant  
Company

A.2. - Computation and Qualifying  
Plantation Expenditure statements  
for the years of Assessment 1971  
and 1972 from the Appellant Company

MAMOR SENDIRIAN BERHAD

Tax Computation Year of Assessment  
1971 (Basis period 1.1.1970 to 31.12.1970)  
-----

Business

	Statutory income	NIL	
		===	
Sch. I.	Qualifying plantation expenditure	70,129	10
		=====	
Sch. I	Capital allowances	603	
		===	

Tax Payable

Income tax	NIL
Development tax	NIL
	---
	NIL
	===

MAMOR SENDIRIAN BERHAD

EXHIBITS

Tax Computation Year of Assessment  
1972 basis period (1.1.1971 to  
----- 31.12.1971) -----

A.2  
Computation  
and Qualify-  
ing Plantation  
Expenditure  
Statements  
for the years  
of Assessment  
1971 and 1972  
from the  
Appellant  
Company  
(cont'd)

Business

	Statutory Income		NIL ===
Sch. II	Qualifying Plantation Expenditure 31.12.1971		48,961 =====
	Capital Allowances b/f	603	
10	Sch. I	Capital Allowances (current year)	141 <u>      </u> 744 ===
	<u>Tax Payable</u>		
	Income tax		NIL
	Development tax		<u>NIL</u>
			NIL
			===

EXHIBITS

Schedule I

A.2  
Computation  
and Qualify-  
ing Plantation  
Expenditure  
Statements  
for the years  
of Assessment  
1971 and 1972  
from the  
Appellant  
Company  
(cont'd)

MAMOR SENDIRIAN BERHAD

Tax Computation Year of Assessment 1971  
(Basis period 1.1.1970 to 31.12.1970)  
-----

Qualifying Plantation Expenditure  
(para. 7 Sch. 3)

Development expenses 31.12.1969	12,600		
Development expenses 31.12.1970	52,875		
		<u>65,475</u>	

Less				10
Compensation paid	2,642			
Water tanks	1,250			
Pump	275			
Engine room etc.	487	4,654	70,129	
		<u>4,654</u>	<u>70,129</u>	
Less				
<u>Incidental Income</u>			NIL	
			<u>70,129</u>	
			=====	

Qualifying Plantation Expenditure (Para. 2 Sch.3)

Water Pump etc. 10%

Water tank etc.		1,250		20
Foundations etc.		487		
Pump		275		
		<u>2,012</u>		
Y/A 1971 I.A.	402			
A.A.	201	603		
		<u>1,409</u>		
Y/A 1972 A.A.		141		
		<u>1,268</u>		
Y/A 1973 A.A.		127		
		<u>1,141</u>		30
			=====	

## Schedule II

EXHIBITSMAMOR SENDIRIAN BERHAD

Tax Computation Year of Assessment 1972  
(Basis Period 1.1.1971 to 31.12.1971)  
-----

	Qualifying plantation expenditure		
	Development expenses		24,162
	Less		
	Incidental income		
	Net profit vide accounts	45,324	
10	Add		
	Depreciation	6	45,330
			<u>21,168</u>
	Less		
	Qualifying plantation expenditure b/f		<u>70,129</u>
	Qualifying plantation expenditure as at 31.12.1971		48,961

A.2.  
Computation  
and Qualify-  
ing Plantation  
Expenditure  
Statements  
for the years  
of Assessment  
1971 and 1972  
from the  
Appellant  
Company  
(cont'd)

EXHIBITS

A.2  
Computation  
and Qualify-  
ing Plantation  
Expenditure  
Statements  
for the years  
of Assessment  
1973 and 1974  
from the  
Appellant  
Company based  
on the  
Accounts for  
the period of  
18 months to  
30th June  
1973

A.2 - Computation and Qualifying  
Plantation Expenditure Statements  
for the Years of Assessment 1973  
and 1974 from the Appellant Company  
based on the Accounts for the period  
of 18 months to 30th June, 1973

MAMOR SENDIRIAN BERHAD

Year of Assessment 1973

Tax Computation

(Basis period 1.1.72 to 30.9.72)

10

	<u>Business</u>	\$	\$
	Statutory income		Nil ===
Sch. I	Qualifying plantation expenditure as at 30.9.72		\$50,593 =====
Sch. I	Qualifying plant expenditure		\$2,012 =====

Tax Payable

	Income Tax	Nil	
Note 1	Development tax	Nil	
	Timber profits tax	Nil	
	Total	Nil	

20

## Schedule I

EXHIBITSMAMOR SENDIRIAN BERHADYear of Assessment 1973Tax Computation  
(Basis period 1.1.72 to 30.9.72)  
-----

		\$	\$	\$
	Qualifying plantation expenditure as at 31.12.71			48,961
	<u>Add</u>			
10	<u>Qualifying plantation expenditure</u> <u>1.1.72 to 30.9.72</u>			
	Sch.II Expenditure	1,732		
	Less			
	Depreciation	100	1,632	
	Less			
	Sch.III Incidental income		Nil	1,632
	Qualifying plantation expenditure as at 30.9.72			\$50,593 =====

Qualifying Plant Expenditure

20

Water Pump

Note 1	As at 31.12.1970	2,012
"	" " " " 31.12.1971	2,012
"	" " " " 30.9.1972	2,012

Note 1.

Planting had not yet commenced as at 30.6.1973. Therefore there is no source. Capital allowances were wrongly claimed in the years of assessment 1971, 1972, and 1973 and hence this claimed is now withdrawn for these years.



EXHIBITS

MAMOR SENDIRIAN BERHAD

A.2  
Computation  
and Qualify-  
ing Plantation  
Expenditure  
Statements  
for the years  
of Assessment  
1973 and 1974  
from the  
Appellant  
Company based  
on the  
Accounts for  
the period of  
18 months to  
30th June  
1973  
(cont'd)

Year of Assessment 1974

Tax Computation

Basis period 1.10.72 to 30.6.73  
-----

1. Business

Statutory income

\$ \$

Nil

===

Sch.IV Qualifying plantation expenditure  
as at 30.6.73

\$373,439

=====

-do- Qualifying plant expenditure as  
at 30.6.73

10

Water pipes etc.

\$18,825

=====

Labour lines

\$8,304

=====

Roads and bridges

\$5,279

=====

Tax Payable

Note 1 (Y/A 73) Income Tax Nil

Development tax Nil

Timber profits tax Nil

Nil

===

MAMOR SENDIRIAN BERHAD

Year of Assessment 1974

Tax Computation

Details of Development Expenditure Allocated to 2  
Basis Periods

Date	Details of Expenditure	Basis Periods	
		1.1.72 30.9.72	1.10.72 30.6.73
	<u>Wages</u>		
31. 1.72-31.8.72	Casual wages	1,344.12	
31. 8.72-30.9.72	Sundry wages	288.00	
30.11.72-30.6.73	Conductors wages		2,600.00
30.6.73	New Year bonus to Pang Siew		150.00
30.11.72-30.6.73	Sundry wages		7,442.32
		<u>\$1,632.12</u>	<u>\$10,192.32</u>
		=====	=====

89.

EXHIBITS  
A.2  
Computation and Qualifying Plantation Expenditure Statements for the years of Assessment 1973 and 1974 from the Appellant Company based on the Accounts for the period of 18 months to 30th June 1973 (cont'd)

EXHIBITS

A.2  
 Computation  
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 for the years  
 of Assessment  
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 from the  
 Appellant  
 Company based  
 on the  
 Accounts for  
 the period of  
 18 months to  
 30th June  
 1973  
 (cont'd)

<u>Date</u>	<u>Details of Expenditure</u>	<u>Basis Periods</u>	
		<u>1.1.72</u> <u>30.9.72</u>	<u>1.10.72</u> <u>30.6.73</u>
<u>Nursery Cultivation</u>			
30.11.72-28.2.73	Payment to tractor driver Cheong Ah Choy for levelling of land to plant oil palm seedlings	-	1,053.75
30.11.72	Payment to workers for filling bags	-	
31.12.72	with earth to plant oil palm		
31. 5.73-30.6.73	seedlings	-	2,464.61
31.3.73	Payment to tractor driver Yong Ah Kow	-	150.00
31.12.72-28.2.73	Purchase germinated oil palm		
31. 3.73-31.5.73	seedlings	-	69,250.00
31. 1.73-31.3.73	Purchase of fuel and lubricant	-	2,880.57
31. 1.73-30.6.73	Purchase plastic bags and fertilizers	-	9,653.05
30.6.73	Repairs and spare parts for tractor	-	246.90
		-	\$85,698.88
		=====	
<u>Repairs and Maintenance</u>			
11.72-30.6.73	Repairs and spare parts	-	1,419.00
30.11.72-30.6.73	Diesel and lubricants	-	781.68
		-	\$ 2,200.68
		=====	

<u>Date</u>	<u>Details of Expenditure</u>	<u>Basis Periods</u>	
		<u>1.1.72</u> <u>30.9.72</u>	<u>1.10.72</u> <u>30.6.73</u>
<u>Sundry Materials</u>			
30.11.72	Sieves, safety lamps, plastic ropes, empty drums, kerosene, etc.	-	255.10
31.12.72	Watering cans, grease, nails, etc.	-	18.90
31. 1.73	Safety lamps, changkol handle, kerosene, watering cans etc.	-	71.40
28. 2.73	Tags, watering cans, nail, etc.	-	57.35
31. 3.73	Nails, pails, sieves, kerosene, changkol rubber cloth	-	99.10
30.4.73-31.5.73	Tags, pongkis, lamps, scissors, kerosene, etc.	-	214.62
30. 6.73	Lamps, kerosene, hammers, etc.	-	288.95
		-	\$1,005.42
=====			
<u>Tools and Implements</u>			
30.11.72	Foot pump, jack sprayer, wheel barrows, grease gun, spanners	-	277.20
31.12.72-28.2.73	Spanners, parang	-	32.10
31.3.73	Hoe, spade and parang	-	82.25
31. 5.73-30.6.73	Wheelbarrows and pneumatic hand sprayers	-	276.00
		-	\$667.55
=====			

A.2  
 Computation  
 and Qualify-  
 ing Plantation  
 Expenditure  
 Statements  
 for the years  
 of Assessment  
 1973 and 1974  
 from the  
 Appellant  
 Company based  
 on the  
 accounts for  
 the period of  
 18 months to  
 30th June  
 1973  
 (cont'd)

EXHIBITS

EXHIBITS

A.2  
Computation  
and Qualify-  
ing Plantation  
Expenditure  
Statements  
for the years  
of Assessment  
1973 and 1974  
from the  
Appellant  
Company based  
on the  
Accounts for  
the period of  
18 months to  
30th June  
1973  
(cont'd)

<u>Date</u>	<u>Details of Expenditure</u>	<u>Basis Periods</u>	
		<u>1.1.72</u> <u>30.9.72</u>	<u>1.10.72</u> <u>30.6.73</u>
<u>Drainage and Irrigation</u>			
30.11.72-31.3.73	Water pipes and plastic hose, etc.	-	9,902.41
30. 4.73-31.5.73	Water pipes and union etc.	-	3,289.47
31.5.73	Sprinkles and galvanised reducers	-	150.00
30.6.73	Sprinkles and galvanised pipes	-	3,470.80
		-	<u>\$16,812.68</u>
=====			
<u>Pests and Diseases</u>			
30.11.72-30.6.73	Insecticides	-	\$232.20
		-	<u>\$232.20</u>
=====			
<u>Upkeep of Labour Lines</u>			
31. 1.73-31.3.73	Purchase of sawn timber	-	6,145.18
-do-	Purchase of attap	-	1,627.50
31. 1.73-28.2.73	Road tolls paid	-	55.00
28.2.73	Purchase of zinc tiles	-	227.20
31. 3.73-31.5.73	Purchase of iron nails, padlocks hinges, etc.	-	249.21
		-	<u>\$8,304.09</u>
		-	<u>\$8,304.09</u>
=====			

<u>Date</u>	<u>Details of Expenditure</u>	<u>Basis Periods</u>	
		<u>1.1.72</u> <u>30.9.72</u>	<u>1.10.72</u> <u>30.6.73</u>
	<u>Upkeep of Machinery</u>		
31.1.73	Purchase of chain saw spare parts	-	69.30
31.1.73-30.6.73	Petrol and lubricants	-	619.60
30.6.73	Spare parts	-	94.77
		-	\$783.67
		=====	=====
	<u>Upkeep of Roads and Bridges</u>		
30.4.73	507 loads of laterite soil	-	5,278.88
30.6.73	Felling and clearing charges	-	222,065.00
	Depreciation	100.00	2,520.30
		-----	-----
	<b>Grand Total</b>	<b>\$1,732.12</b>	<b>\$355,761.67</b>
		=====	=====

EXHIBITS  
A.2  
Computation and Qualifying Plantation Expenditure Statements for the years of Assessment 1973 and 1974 from the Appellant Company based on the Accounts for the period of 18 months to 30th June 1973  
(cont'd)

EXHIBITS

A.2

Computation  
and Qualify-  
ing Plantation  
Expenditure  
Statements  
for the years  
of Assessment  
1973 and 1974  
from the  
Appellant  
Company based  
on the  
Accounts for  
the period of  
18 months to  
30th June  
1973  
(cont'd)

Schedule III

MAMOR SENDIRIAN BERHAD

Year of Assessment 1974

Tax Computation

Incidental Income Apportioned to 2 Basis Periods

	Y/A 1973	Y/A 1974	Total
<u>Incidental Income</u>	<u>1.1.72</u>	<u>1.10.72</u>	
	<u>30.9.72</u>	<u>30.6.73</u>	
Sales of logs	336,020.85	22,100.70	358,121.55
" " undersized timber	21,435.00	-	21,435.00
Road tolls received (Jan. '72-Aug. '72)	7,821.00		
Road tolls paid (April '73-June '73)	<u>474.50</u>		
Balance road tolls received	<u>7,346.50</u>	-	<u>7,346.50</u>
	<u>\$364,802.35</u>	<u>\$22,100.70</u>	<u>\$386,903.05</u>
	=====	=====	=====
<u>Direct Expenses</u>			
Production charges	82,286.70	8,459.10	90,745.80
Forest royalty	43,763.80	5,304.32	49,068.12
Export duty	67,250.40	-	67,250.40
Transport charges	74,263.25	483.10	74,746.35
Sales commission	8,327.04	-	8,327.04
Quit rent	18,310.00	18,790.00	37,100.00
Office salaries	<u>2,539.35</u>	-	<u>2,539.35</u>
	<u>\$296,740.54</u>	<u>\$33,036.52</u>	<u>\$329,777.06</u>
	=====	=====	=====

	Y/A 1973	Y/A 1974	Total
	1.1.72 30.9.72	1.10.72 30.6.73	
<u>Indirect Expenses</u>			
Travelling	-	120.00	120.00
Accountancy fees	640.00	-	640.00
Audit fees (To be apportioned equally for \$2,500)	400.00	2,500.00	2,900.00
Secretarial fees	300.00	750.00	1,050.00
Loan interest	87,933.51	-	87,933.51
General expenses	2,275.97	1,842.86	4,118.83
Office rent	1,500.00	-	1,500.00
Printing and stationery	266.20	843.45	1,109.65
Postage and telephone	350.50	24.55	375.05
C.P.F.	100.80	-	100.80
E.P.F.	69.00	-	69.00
	<u>\$93,835.98</u>	<u>\$6,080.86</u>	<u>\$99,916.84</u>
	=====	=====	=====
Total	\$390,576.52	\$39,117.38	\$429,693.90
	=====	=====	=====

EXHIBITS  
 A.2.  
 Computation  
 and Qualify-  
 ing Plantation  
 Expenditure  
 Statements  
 for the years  
 of Assessment  
 1973 and 1974  
 from the  
 Appellant  
 Company based  
 on the  
 Accounts for  
 the period of  
 18 months to  
 30th June  
 1973  
 (cont'd)



EXHIBITS

A.2  
 Computation and Qualifying Plantation Expenditure Statements for the years of Assessment 1973 and 1974 from the Appellant Company based on the Accounts for the period of 18 months to 30th June 1973  
 (cont'd)

Schedule IV

MAMOR SENDIRIAN BERHAD  
Year of Assessment 1974

Tax Computation

Basis period 1.10.72 to 30.6.73

	\$	\$	\$	\$
Qualifying Plantation Expenditure as at 10.9.1972				50,593
<u>Add</u>				
<u>Qualifying plantation Expenditure 1.10.72 to 30.6.73</u>				
Sch. II      Expenditure		355,762		
<u>Less</u>				
Drainage and irrigation	16,813			
Upkeep of labour lines	8,304			
Upkeep of roads and bridges	5,279			
Depreciation	<u>2,520</u>	<u>32,916</u>	322,846	
Less				
Sch. III      Incidental income			<u>Nil</u>	<u>322,846</u>
				\$373,439
				=====

Qualifying Plant Expenditure

a) Water pipes etc. as 30.9.72	2,012
Additions 1.10.72 to 30.6.73	<u>16,813</u>
	\$18,825
	=====
b) Labour lines 1.10.72 to 30.6.73	\$8,304
	=====
c) Roads and bridges 1.10.72 to 30.6.73	\$5,279
	=====

A.2  
NOTICE TO APPLY FOR QUALIFIED TITLE UNDER  
SECTION 81 OF THE NATIONAL LAND CODE

A.2  
Notice to  
apply for  
Qualified Title  
under Section 81  
of the National  
Land Code  
30th November,  
1968

RL. (1) di. PUK. 10/82 67.

KANDU TANAH NEKALA  
BORANG SA  
(Seksyen 81 K.T.N)  
NOT 5 KEMANA BAYARAN MAHIL TANAH  
Ranchangan Mamanas Kelapa Sawit  
MUKIM NIYON

Kepada:

Mamer Sendirian Berhad,  
61-A, Jalan Abdul Samad,  
Johore Bahru.

Ada-lah di-an'alkan ia-itu Majlis Mesuarat Kerajaan Johore telah bersetuju mengurniakan tuan sabidang tanah Kerajaan yang di-kenali sebagai Block 6 seluas 7,000 ekar Mukim Niyon untek bertanam Kelapa Sawit dengan bayaran2 dan sharat2 seperti berikut:-

- (i) Surat Hakmilik - Lesse 99 tahun  
(ii) Perimian - \$100.00 saekar  
(iii) Chukai - \$1.50 pada saekar setahun  
selama 5 tahun dan selepas  
itu \$6.00 pada saekar setahun.  
(iv) Bayaran Ukor dan lain2 - Mengikut Jadual.  
(v) Sharat Pengurniaan:-  
(a) Pemajak hendak-lah mengusahakan kesemua kawasan yang di-luluskan seluas 7,000 ekar ia-itu 1,000 ekar pada tiap2 tahun ( tertaliek kepada pindaan).  
(b) Pada awal tahun yang ke-lima mulai dari tarikh penanaman di-mulakan, pemajak hendak-lah menyerah bulek 1,500 ekar kepada Kerajaan untek di-jadikan Ranchangan Pekebun2 Kecil.  
(c) Pembayaran belanja mengusaha termasuk faedah (interest) yang tiada lebih daripada 3½% bagi kawasan 1,500 ekar akan di-bayar oleh Kerajaan Negeri kepada pemajak melalui Perbadanan Pembangunan Negeri (State Development Corporation) dengan cara beransor2 (instalments) mulai dari tarikh penyerahan bulek tanah itu kepada Kerajaan.  
(d) Pemajak hendak-lah menjelaskan kesemua bayaran2 seperti perimian, chukai dan sebagai-nya mengikut Seksyen 81 K.T.N.  
(e) Pemajak di-beri hak untek mengeluarkan kayu-kayan daripada kawasan yang di-persetujukan untek di-usahakan.  
(f) Pemajak hendak-lah menanda tangan Surat Perjanjian dengan Kerajaan berkenaan dengan keluaran kayu-kayan daripada kawasan yang di-luluskan.  
(g) Pemajak hendak-lah memberi wang pertarahan sebanyak \$70,000.00 kepada Kerajaan berikut dengan Surat Perjanjian yang tersebut dalam jumlahkata (v)(f) di-atas bagi mengusahakan tiap2 1,000 ekar tanah tersebut. Angka ini boleh di-pinda mengikut kehendak Surat Perjanjian.

(vi) Sharat Kh-s:-

- (i) Before planting is commenced  
(a) a ground cover approved by the State Agricultural Officer shall be maintained or shall be sown and thereafter kept in existence;  
(b) on hilly contour terraces or other earthwork approved in either case by the State Agricultural Officer, shall be constructed.

A.2  
 Notice to  
 apply for  
 Qualified Title  
 under Section 81  
 of the National  
 Land Code  
 10th November,  
 1968  
 (contd.)

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( 2 )

- (ii) No rubber, tapioca or pineapple shall be cultivated on this land.
- (iii) No catch crop shall be planted on other than flat land.
- (iv) No part of this land shall at any time be clean-weeded.

2. <sup>Oleh ahli tanah</sup> ~~Bolelah daripada cheret? di atas tuas juga dikehendaki menyempurnakan~~ bayaran2 seperti berikut:-

Perimian	..	..	..	\$700,000.00
Chukai	..	..	..	10,500.00
Belanja Ukur	..	..	..	7,900.00
Batu2 Sempadan	..	..	..	58.00
Bayaran Pelan	..	..	..	6.00
Pendaftaran dan pengeluaran Susat Hakmilok	..	..	..	10.00
Chukai Pelajaran	..	..	..	<u>1,050.00</u>
Jumlah	..	..	..	\$719,524.00

dalam tempoh tiga (3) bulan daripada tarikh menerima notis ini. Sekiranya tuas tidak menyempurnakan bayaran2 yang di-tuntut itu dalam masa yang ditentukan di-atas maka kebenaran yang telah di-berikan itu ~~di-otakkan~~ <sup>di-otakkan dengan sendiri-menghapus</sup>

3. Surat Perjanjian berkenaan dengan keluaran kayu-kayu daripada kawasan yang di-lulunduhi akan di-hantar kelak.

Bertarikh pada 10hb November, 1968.



(Atas nama Yacob)  
 Pemungut Hasil Tanah,  
 Daerah Kluang.

MBY/ahc.

NATIONAL LAND CODE  
 Land Rules, 1966  
 SCHEDULE 3  
 (Rule 5)

NOTICE TO APPLY FOR QUALIFIED TITLE.  
 Land Application No. 22416/6

To: Mrs. Sdn. Bhd.  
 of Sdn. Bhd.

You are hereby informed that your application for alienation has been approved subject to qualified title being applied for.

Take notice that if you fail to apply for qualified title within a period of 3 months and to pay the fee of \$500, the approval of your application will lapse.

Dated this 2nd day of November 1968



PEMUNGUT HASIL TANAH,  
 KLUANG.

A.2 - Agreement between the  
Government of the State of Johore  
and the Appellant Company

EXHIBITS

A.2  
Agreement  
between the  
Government  
of Johore and  
the Appellant  
Company - 1st  
June 1969

Bil.(57) d(m.PTG.(P) 720/67

10 An AGREEMENT made this 1st day of June,  
1969 between the Government of the State of  
Johore (hereinafter referred to as the  
"Government") of the one part and Mamor  
Sendirian Berhad (hereinafter referred to as the  
"Lessee") of the other part

WHEREAS the Lessee having been approved an  
area of approximately 7,000 acres of State Land  
(hereinafter referred to as the "approved area")  
as outlined in red in the plan attached hereto  
for the purpose of planting Oil Palm is desirous  
of developing the area and exploiting timber  
therein.

Interpretation

20 In this Agreement "to exploit" and its  
cognate expression means to fell and log timber  
and to remove such timber from the area in which it  
has been felled.

NOT THEREFORE it is agreed between the  
Government and the Lessee as follows:-

1. The Lessee shall develop the approved  
area of approximately 7,000 acres at the rate of  
1,000 acres per year subject to modifications from  
time to time as agreed between the parties.

30 2. At the beginning of the Fifth Year as  
from the date of the commencement of planting the  
lessee shall hand over to the Government 1,500  
acres fully planted with oil palm crops to the  
satisfaction of the Government.

40 3. The Government agrees to pay the lessee  
the actual cost of developing the area of 1,500 acres  
together (plus) interest calculated at 3½ percentage  
annually. The rate of interest chargeable shall be  
calculated on the total amount outstanding at the  
end of each year. The cost of development shall be  
the total cost actually incurred by the lessee for  
felling, burning, clearing, pruning, planting and  
shall also include cost of drainage and maintaining  
the area and the cultivation thereof with approved  
planting materials of oil palm seedlings. The  
period of maintenance of the area shall commence  
as from the date of planting until the handing over  
of the area by the lessee to the Government.

EXHIBITS

A.2  
Agreement  
between the  
Government  
of Johore  
and the  
Appellant  
Company  
1st June  
1969  
(cont'd)

4. The Government shall also agree that all payments to the lessee shall be made by instalments and that the terms and rates of payments shall be determined by a separate agreement to be agreed upon by both parties.

5. The Government agrees to grant the Lessee the right to exploit all timber from the approved area subject to such terms and conditions as laid down by the Conservator of Forests, Johor (hereinafter referred to as the "Conservator").

10

Issue of Licences/Permits

6. (a) Upon the signing of this Agreement, the Lessee will make application to the Conservator for the issue of the first Licences/Permits to be granted to him under the terms of this Agreement and the Government will thereupon issue the same to him.

6. (b) During the continuance of this Agreement, the Government after issue of the first Licence/Permit will issue to the Lessee a sufficient number of further Licences/Permits to enable him to exploit an area of 1,000 acres (hereinafter referred to the "Annual cut area") each year out of the approved area referred to clause 1 above.

20

6. (c) Provided that if at any time after the expiration of 2 years from the date when any licence has been issued the Lessee has, in the opinion of the Conservator, failed fully to exploit any area to which such licence/permits refers, Government may refuse to issue any further Licences/Permits to the Lessee until such time as the Conservator is satisfied that the Lessee has fully exploited such area or the Government may at its discretion terminate this Agreement.

30

Payment of royalties.

7. (a) The Lessee shall pay Government royalty on all timber cut in or removed from any area within the approved area allocated to him and on any timber in such area which in the opinion of the Conservator or the District Forest Officer is economically utilizable but which through the failure of the Lessee to exploit the area to the satisfaction of the Conservator has not been removed.

40

7. (b) The rate of royalty shall be those applicable under the provisions of the Forest Enactment for the time being in force.

Deposit

EXHIBITS

10 8. The Lessee shall deposit in the first instance a sum of \$70,000/- with the Forest Department, Johor and such further sum as the Conservator may from time to time require. The Conservator may withdraw from the said deposit and credit to forest revenue any sum due under the terms of this Agreement and may prohibit the cutting and/or removal of timber in and from the approved area until an equivalent sum has been re-deposited.

A.2  
Agreement  
between the  
Government  
of Johore  
and the  
Appellant  
Company  
1st June  
1969  
(cont'd)

Minimum sum payable

20 9. Notwithstanding anything herein before contained, the Lessee shall pay to the Government by equal monthly instalments in advance the minimum sum of \$100,000/- per year as royalties to be calculated from the commencement of exploitation or the expiration of 3 months after the date upon which the area to which such royalties relate first was allocated to the Lessee whichever is the earlier.

Supervision and control

30 10. All operations by the Lessee in the approved area for the time being under exploitation shall be under the general supervision and controlled by the Conservator by the issue from time to time of a Licence/Permit and shall be subject to all conditions of the Licence/Permit and to the provisions of the Forest Enactment and of the Forest Rules and to any orders which the Conservator is entitled by law to make.

Disposal of timber by Government  
under certain circumstances

40 11. If the Lessee shall leave any timber in the Annual cut area within the approved area made available to it under clause 5 for a period longer than one month after the licence relating to such Annual coupe area has expired, or shall at any time during the continuance of such Licence leave any felled timber in the area for a period of longer than three months after it has been felled, such timber shall become the property of the Government and may be disposed of by the Government as it deems fit and in such case the Lessee shall have no further claim thereto to any compensation for any road constructed by the Lessee the use of which the Government shall deem necessary to remove the said timber from such area.

EXHIBITS

Penalty

A.2  
Agreement  
between the  
Government  
of Johore  
and the  
Appellant  
Company  
1st June  
1969  
(cont'd)

12. Unless other wise authorised by the Conservator, the Lessee shall fell and remove all trees from the approved area of 5 feet girth and above measured at a height of four and a half feet from the ground on the side of the tree on which the ground is highest. For failure to fell and remove any tree in accordance with this clause, the Lessee shall pay on demand by way of compensation a sum not exceeding \$20/- per tree.

10

Roads

13. (a) Any Government Officer or Government vehicle shall have the right to use any roads constructed by the Lessee without letting or hinderance or any payment at any time.

13. (b) The Lessee shall be responsible for any loss or damage arising from any accident occurring in or resulting from the use of the roads, bridges or culverts constructed by the Lessee and the Lessee shall indemnify the Government in the event of the Government or any of its officers being required or having to make payment for such loss or damage.

20

13. (c) The Lessee shall enter into Agreement as to the terms relating to contribution towards the use of any roads built and maintained by other Forest Contractors.

Determination of Agreement on Lessee  
ceasing operations.

14. Should the Lessee at any time cease logging operations for a consecutive period exceeding six months other than for any reason acceptable to the Conservator, or for a total period of one year for any reason whatsoever, then this Agreement shall forthwith cease and determine and the Lessee shall not have any claim for compensation for anything suffered or done by him under the provisions of this Agreement.

30

Transfer of rights

15. The Lessee shall not by Power of Attorney or otherwise assign, sub-let or transfer the whole or any part of his rights under this Agreement to any other person whatsoever without first obtaining the written consent of the Government.

40

Duration of Agreement

16. (a) Subject to foregoing provisions this

Agreement shall remain in force for a period of seven (7) years from the date of issue of the first Licence/Permit.

EXHIBITS

A.2  
Agreement  
between the  
Government  
of Johore  
and the  
Appellant  
Company  
1st June  
1969  
(cont'd)

10 16. (b) If at any time during the continuance of this Agreement by cause of civil commotion, war or enforcement of Emergency regulations it shall become impossible for the Government or the Lessee to perform their respective parts of this Agreement, neither party shall be entitled to determine this Agreement nor to enforce any of its terms. On the determination of the causes aforesaid, the performance of this Agreement shall be resumed within a reasonable time.

16. (c) This Agreement shall be determined free from all encumbrances and without payment of compensation upon the happening of any of the events following:-

- 20 (i) cancellation by the Government by written notice to the Lessee for breach of any of its terms and conditions. The decision of the Ruler-in-Council as to whether there has been a breach of condition shall be final;
- (ii) the completion of or use for the purpose of which this Agreement is issued or the expiry of the Agreement whichever is earlier.

IN WITNESS WHEREOF the parties hereto have set their hands the day and year first above written

30 Signed by the SETIA UNAHA )  
KERAJAAM, JOHOR. On behalf )  
of the Government as )  
authorised by Section 3 of )  
the Government Contracts ) Sgd. Illegible  
Ordinance, 1969 in the )  
presence of )

Sgd. Illegible

40 Signed by the Lessee Dato )  
Teong Tak Illegible ) Sgd. Illegible  
on behalf of the Mamor )  
Sdn Berhad in the )  
presence of )

Sgd. Illegible

bin Mohd. Noor  
Timbalan Pewurohjaya Tanan & Gahan,  
JOHOR.



Kanun Tanah Negara  
BORANG 11 A  
(Sekhsen 177)

(N.L.C. 30A)

2/6/69. (3) 26

(Hakmilk Sementara Beramaan dengan Hakmilk dalam Pejabat Pendaftaran)

H.S. Daerah..... KUALANG.....No. H.S. (D)..... 520  
Negeri..... JOHORE.....

SURATAN HAKMILEK SEMENTARA

Mamur Sdn Bhd

JENIS PENGGUNAAN TANAH: \*PERTANIAN/BANGUNAN/PERUSAHAAN

Jar/Petua/Mukim..... NIYUS.....  
Maksud sa-lunnt-nya..... No. P.T. BLOK 6  
Luas sa-lama tempoh..... 22.....tahun Luas Sementara 7,000 ekar  
Mula tempoh pada..... 1. 6. 2068..... Chukai Tahunan \$19,500-00  
pertama dan \$42,000-00 seterusnya

SIHARAT KIAS HAKMILEK SEMENTARA

Hakmilk ini adalah tera'lok kepada peruntukan Kanun Tanah Negara dan kepada segala Siharat dan Sekatan

(a) ia itu dengan tera'lok seperti itu juga pemberian milk ini telah di-duluskan, lihat Surat-menyerah Bil. No. 10/02/67, PHT. 11/47/68 & P.T. (P) 720/67-1.

(b) yang di-chatikan dalam hakmilk..... yang hakmilk ini.....  
adalah sambongan-nya. Lihat Surat-menyerah Bil. No. 10/02/67, PHT. 11/47/68 & P.T. (P) 720/67-1. (ia-itu berkenaan dengan pahal-empadan atau pahal-bahagian, sa-saka mana-ia-nya boleh mengenai tanah yang terkandung dalam ini)

(c) yang di-lampirkan di-sini.....  
Dalam pelan tanah yang di-bawah ini, empadan yang di-tunjukkan dengan warna merah itu, ia-itu empadan yang belum di-lengkap dengan jalan ukur, adu-lah sementara sahaja.

Tanah yang tersebut di-atas adu-lah di-pegang oleh tuannya-nya yang pada masa itu ada tersebut nama-nya dalam rekod kepunyaan di-bawah ini.

Di-daftarkan pada..... 2.....haribulan  
Jun..... 19. 69

T.M. L. Lijer  
Pendaftaran

Suratan hakmilk yang di-keluarkan, yang telah di-nunta, di-keluarkan pada..... 2.....haribulan  
Jun..... 19. 69

T.M. L. Lijer  
Pendaftaran

\* Potong sa-bagaimana yang setuju.

Hendak-lah di-penhakkan apabila hakmilk di-keluarkan bagi sambongan

- tarikh mula di-beri milk.....
- ia hakmilk asal (tetap atau sementara).....
- ia hakmilk yang akhir sa-kali (jika bertalian daripada yang di-atas).....

Kanun Tanah Negara  
BORANG 11 A  
(Seksyen 177)

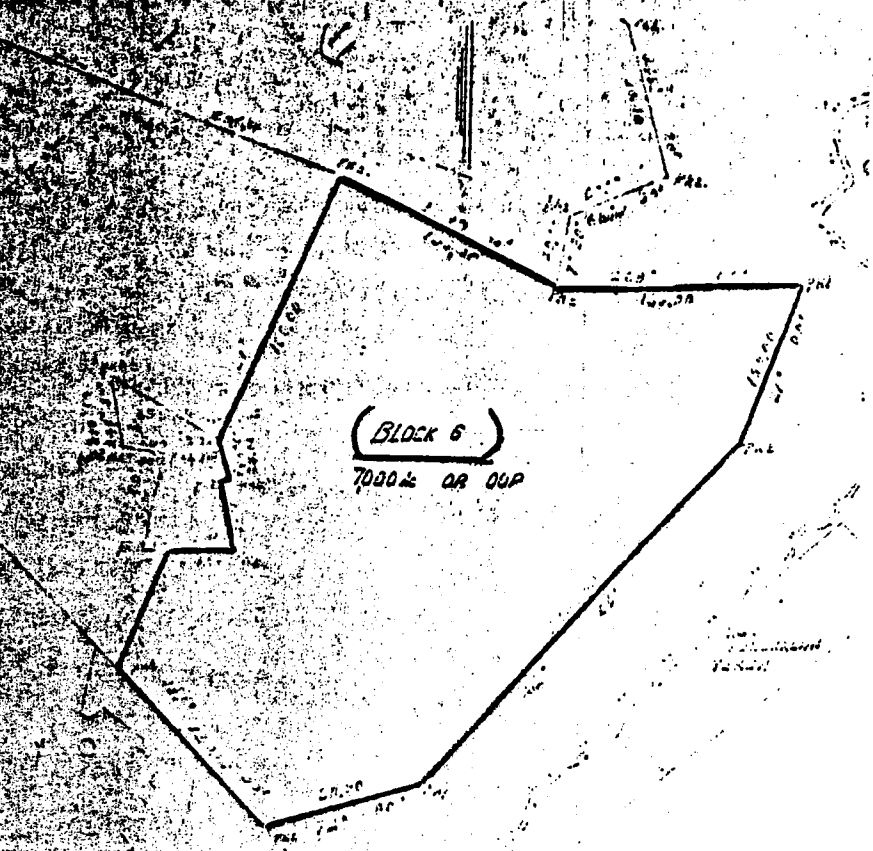
MAMOR SDN. Bhd.  
(Lot 6)

37

Lease

(1) When planting is commenced :-

- (a) the soil cover approved by the State Agricultural Officer shall be maintained or shall be sown and thereafter kept in existence;
- (b) on hilly contour terraces or other earthwork approved in either case by the State Agricultural Officer, shall be constructed;
- (c) rubber, tobacco or pineapple shall be cultivated on all the land;
- (d) the contour crop shall be planted on other than flat land;
- (e) no part of this land shall at any time be clear-felled.



EXHIBITS

A.2.  
Agreement  
between  
the

A.2 - Agreement between the Appellant  
Company and Sharikat Kilang Papan Low  
Nam Hui Sdn. Bhd. for the extraction  
of timber

Appellant  
Company and  
Sharikat  
Kilang Papan  
Low Nam Hui  
Sdn. Bhd. for  
the extraction  
of timber  
3rd January  
1970

09194

3/1/70

Stamped MALAYSIA \$1

AN AGREEMENT is made this 3rd day of January  
1970 in the year One thousand nine hundred and  
seventy (1970) Between Mamor Sendirian Berhad a  
Company incorporated in Malaysia and having its  
registered office at No. 149, Jalan Lumba Kuda,  
Johore Bahru, Johore (hereinafter called the  
"Company") of the one part and Sharikat Kilang  
Papan Low Nam Hui Sendirian Berhad a company  
incorporated in Malaysia and having its registered  
office at No. 59-B, Jalan Ah Fook, Johore Bahru,  
Johore (hereinafter called the "contractor") of  
the other part.

10

WHEREAS the Company are the approved  
applicants of a piece of timber land containing  
an area of approximately 7,000 acres situated  
in the Forest Reserve in the Mukim of Niyor,  
Kluang, in the State of Johore known as Block 6  
vide Government Ref. No. PHTK 11/47/68, more  
particularly described in the sketch plan attached  
hereto and marked in Red (hereinafter referred to  
as the "said land").

20

AND WHEREAS the Company agrees to engage  
the said Contractor to extract the marketable  
timbers that are found in the said land in the  
manner and upon the conditions hereinafter  
provided.

30

NOW IT IS HEREBY AGREED as follows:

1. In consideration of the sum of \$100.00 paid  
by the Contractor to the Company (the receipt of  
which sum the Company hereby acknowledges) the  
Company grants unto the Contractor the right to  
enter upon and extract all marketable timber from  
the said land until the whole area shall have been  
worked out.

2. If for any reason (other than the default of  
the Company) the Contractor shall fail to complete  
the extraction of the timber as hereby provided  
within the time hereby specified or if any  
irregularity or serious breach of any of the terms  
or conditions on the part of the Contractor to be  
performed shall be discovered and the Contractor

40

shall wilfully neglect or refuse to comply with any demand by the Company to remedy or rectify such irregularity or breach, then, this agreement shall be deemed to be terminated and of no further effect PROVIDED that the Company shall (unless time has been made of the essence) give not less than three (3) warnings or demands for rectification or compliance of any breach of irregularity or for the discharge of any obligation by the Contractor.

10 3. The Contractor shall extract only those timbers which by measurement of girth shall be 16" and above based on the timber trade's quarter girth measurement and shall be of specie considered profitable and marketable in West Malaysia and Singapore. As regards timber known in Chinese as Chap Char " " the girth measurement shall be 20" and above unless otherwise requested by the Company.

20 4. The Company shall pay to the Contractor at the rate of Dollars Twenty (\$20.00) for each ton (50 cubic feet) of timber extracted and delivered to the main stockpile or stockpiles along the main road in the logging area. The calculation of tonnage for computation of payments shall be based on the tonnage returns of the purchasers' documents of acceptance for settlements.

30 5. The Company shall be at liberty to verify the measurement of all logs felled by the Contractor and shall be responsible for the issue of all necessary invoices or delivery notes together with the relative checking passes for the inspection and clearance by the Forest Checking Station.

40 6. The Contractor undertakes to construct a main road through the said land as delineated orange in the sketch plan and to construct the necessary logging tracks, bridges and culverts to facilitate the transport of felled timber. The Contractor shall also maintain the main road in a serviceable condition for the passing and repassing of timber lorries.

7. The Contractor shall log and fell marketable timber at the rate of 100 acres per month and shall provide a sufficient number of winch lorries for logging operations.

8. The Company undertakes with the Contractor that the transport charges for the delivery of logs

EXHIBITS

A.2  
Agreement  
between the  
Appellant  
Company and  
Sharikat  
Kilang Papan  
Low Nam Hui  
Sdn.Bhd. for  
the extrac-  
tion of timber  
3rd January  
1970  
(cont'd)

EXHIBITS

A.2  
Agreement  
between the  
Appellant  
Company and  
Sharikat  
Kilang Papan  
Low Nam Hui  
Sdn.Bhd. for  
the extrac-  
tion of  
timber -3rd  
January 1970  
(cont'd)

from the forest stockpiles to Johore or Singapore shall be ascertained by mutual agreement and shall be at the prevailing standard rate. The calculation for such payments is to be based on the tonnage returns of the purchaser's documents of acceptance.

9. The Company undertakes to pay all tolls in respect of private estate roads, survey fees, premia, royalties, deposits, export duties (if any) expenses of Closing Report and other fees payable to Government in relation to the Forest licence and in respect of the said land.

10

10. The Company undertakes to pay to the Contractor on the logging contract once in two weeks with a grace period of 3 days.

11. The Contractor undertakes to commence constructing the roads, tracks and other works within two (2) weeks from the date of the execution of this Agreement and to start logging operations within two (2) weeks from the date of the issue of the forest licence or logging permit. In order that there shall be no undue delay in the commencement of logging operations and to avoid operations beyond the boundaries or limits of the said land, the Contractor shall cause or conduct a preliminary boundary survey to be carried out.

20

12. The Company, its nominees, agents and servants, and all Government Officers shall have the full right and liberty with or without vehicles to use without charge any of the roads tracks bridges and culverts constructed by the Contractor in or over the said land.

30

13. The Contractor shall abide by and comply with the Company's instructions regarding all logging operations and to co-operate with the Company's agents or servants in all respects.

14. The Contractor shall abide by and comply with the terms and conditions laid down by the Conservator of Forests, Johore and the rules and regulations of the logging permit or forest licence and shall indemnify the Company against all claims, damages, costs and other outgoings consequent upon any infringement by the Contractor.

40

15. The Contractor shall at its own expense and cost provide all workmen, tools, implements, vehicles and other materials and equipment necessary for the purpose of carrying out the logging operations.

16. The Contractor shall, before commencement of operations take out with a recognised insurance company a policy or policies of insurance to cover all claims which may be made under the workmens Compensation Ordinance in respect of any accident or injury to any workman and shall at all times keep the Company indemnified against all claims, demands, actions and proceedings arising therefrom.

10 17. The Contractor shall be responsible for the payment of the wages of the employees, Employees Provident Fund and Payroll Tax.

18. This agreement shall be binding on the successor in title of the Company and the Contractor.

IN WITNESS WHEREOF the parties hereto have hereunto set their respective hands and seals the day and year first above written.

20 Signed by the abovenamed )  
on behalf of MAMOR ) MAMOR SENDIRIAN BERHAD  
SENDIRIAN BERHAD in the )  
presence of: ) Sgd. Illegible  
Director

Sgd. Illegible

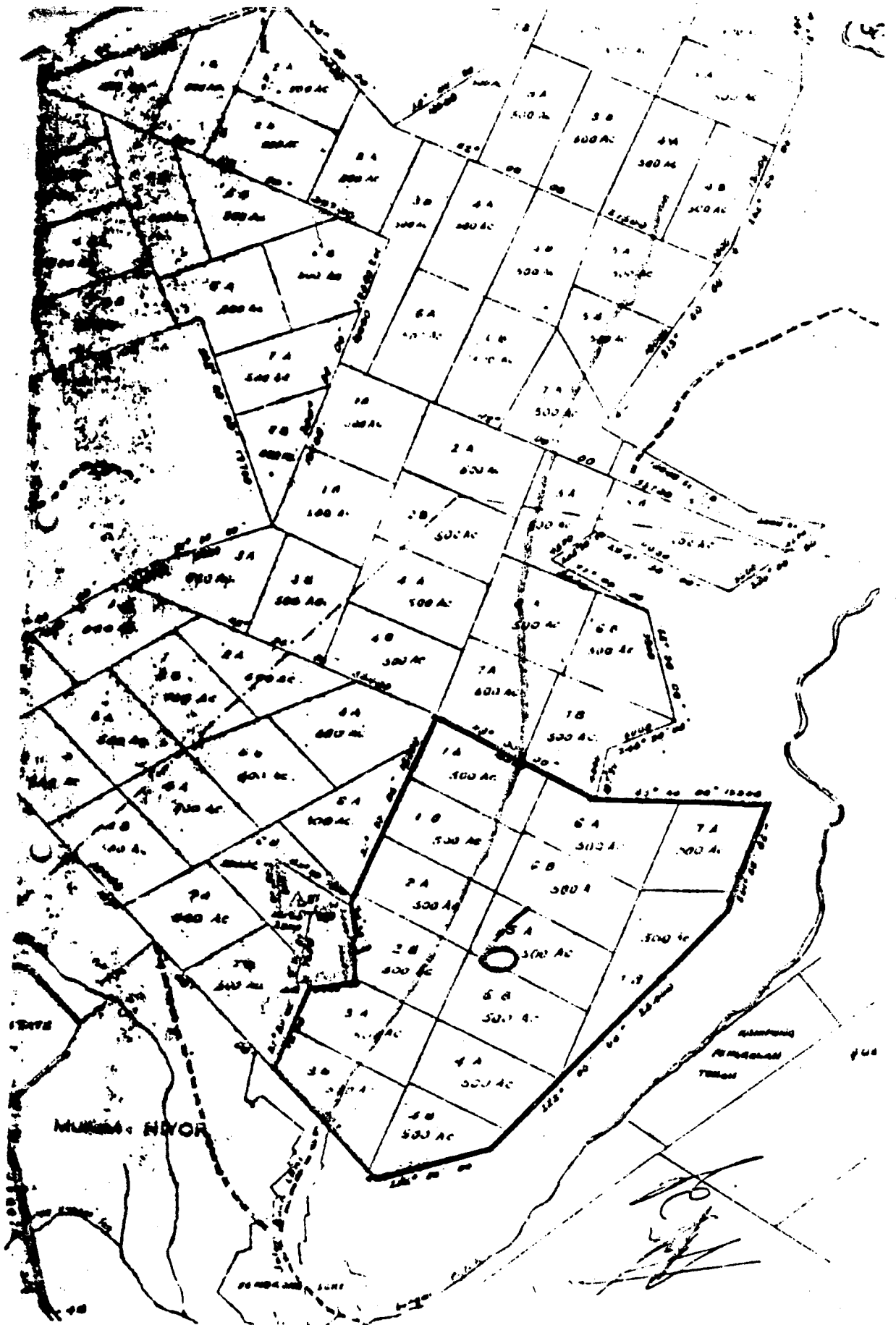
Signed by the abovenamed )  
Sharikat Kilang Papan Low )  
Nam Hui Sendirian Berhad )  
in the presence of: )

Sgd. Illegible

EXHIBITS

A.2  
Agreement  
between the  
Appellant  
Company and  
Sharikat  
Kilang Papan  
Low Nam Hui  
Sdn.Bhd. for  
the extrac-  
tion of  
timber - 3rd  
January 1970  
(cont'd)

A.2  
Agreement  
between the  
Appellant  
Company and  
Sharikat  
Kilang Paper  
Low Nam Hui  
Sdn. Bhd. for  
the extraction of  
timber  
3rd January, 1970



A.2 - Letter from the Commissioner  
of Lands and Mines to the Appellant  
Company

EXHIBITS

A.2  
Letter from  
the  
Commissioner  
of Lands and  
Mines to the  
Appellant  
Company  
(English  
translation)  
12th October  
1970

( ) PGT.720/67 Vol.11 Office of the  
Commissioner of Lands &  
Mines, Johore.  
P.O. Box No. 718  
Johore Bahru, 12th  
October, 1970

- 10 1. Johore Oil Palm Plantation Sdn.Bhd. )  
2. Paloh Kelapa Sawit Lot. Sdn. Bhd. )Addressed  
3. Kluang Kelajo Sawit Sdn. Bhd. )to 28 Foh  
4. Tertinggi Sdn. Bhd. )Chong  
5. Kekayaan Sdn. Bhd. )Buildings,  
6. Mamor Sdn. Berhad )Johore  
7. Pekan Plantations Limited )Bahru.

Sir,

49,000 acres of land for planting  
of oil-palms for Capitalist and  
Small-holders

20

I have the honour to refer to the above-  
mentioned Scheme whereby an Agreement has been  
signed between your Company and the Government  
on the implementation of the said Scheme and  
eventually a part of the Scheme to be surrendered  
to the State Economic Development Corporation.  
For further information on the progress of this  
Scheme, it will be much appreciated if you will  
submit to this office further details on such  
30 matters as hereunder mentioned:-

- (a) Planting schedule including date of felling,  
clearing and making holes for planting of oil-  
palms, planting of cover-crops etc.
- (b) Source of supply for good quality seeds  
inclusive of date of preparation of nursery  
and the site for nursery;
- (c) Plan of roads to be constructed;
- (d) Site of factory to be built including date of  
construction and completion; and
- 40 (e) Site of quarters for workers.

2. This office will also be prepared to negotiate  
with you on the above matters at any convenient time.

Sd. Zakaria bin Sulong

Commissioner of Lands and Mines, Johore.

c.c. to Director, State Economic Development Corp.  
1st Floor, AIA, Building, Jalan Bukit Timbalan,  
Johore Bahru. 2. Collector of Land Revenue,  
Kluang (PNIR.11/47/68)



EXHIBITS

A.2  
Letter from  
the Appellant  
Company to  
the Commis-  
sioner of  
Lands and  
Mines - 30th  
November  
1970

A.2 - Letter from the Appellant  
Company to the Commissioner of  
Lands and Mines

Mamor Sendirian Berhad  
(Incorporated in Malaysia)  
No. 149 Jalan Lumba Kuda,  
Johore Bahru, Johore.  
Tel: 3793 J.B.

Pesuruhjaya Tanah Dan Galian 30th November, 1970  
Peti Surat 718,  
Johore, Johore Bahru.

10

Dear Sir,

With reference to your (36) in PTG.720/67  
Vol. 11 dated 12th October, 1970, we have to inform  
you as follows:-

(a) The tentative schedule is as follows:-

Felling to commence on 15.12.70 and all clearing  
to complete by May, 1971. Lining and construction of  
internal roads will be carried out from March to June,  
1971. Cover-crop planting will commence immediately  
following the final burn in May, 1971. Palm planting  
can commence during the next wet season of October to  
December, 1971.

20

(b) All seeds are of D X P material supplied from  
Chemara, Layang Layang. A nursery to supply the  
first phase of planting was established on Johore  
Sugar Plantations, Kota Tinggi in December, 1969 and  
approximately 250,000 polybag seedlings are being  
maintained for transfer to the plantations. When  
felling commences 4 smaller nurseries will be  
established on the plantations. Selection of sites  
will be undertaken sometime in December, 1970.

30

(c) Except for the construction of a new access  
road from Kekayaan to the 75 milestone, Jalan Kahang,  
the main road system is at present being used for the  
extraction of timber. Besides this road, there are  
two other accesses, one is through Paloh Estate, Paloh  
and the other going out at the 88½ Mile, Jalan  
Mersing. The length of internal roads will average  
12 to 15 chains per acre but the actual layout will  
commence in March, 1971. Where suitable, existing  
timber tracks will be improved to serve as roads.

40

(d) The site and capacity of the factory or  
factories are undecided but steps are being taken to  
seek the advice of technical experts.

(e) Temporary quarters will be put up initially for the clearing and planting labour. Permanent quarters must await till suitable sites are selected. It is anticipated that due to the long distances involved, living quarters and administrative buildings will be decentralised.

Yours faithfully,  
MAMOR SENDIRIAN BERHAD.  
Sgd. Illegible  
Managing Director.  
Dato Tsang Tek Chuen.

EXHIBITS

A.2  
Letter from  
the Appellant  
Company to  
the Commiss-  
ioner of  
Lands and  
Mines - 30th  
November  
1970  
(cont'd)

10

EXHIBITS

A.2  
Letter from  
the Appell-  
ant Company  
to the  
Commissioner  
of Lands &  
Mines - 21st  
June 1971

A.2 - Letter from the Appellant  
Company to the Commissioner of  
Lands and Mines

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Mamor Sendirian Berhad  
(Incorporated in Malaysia)  
No. 149, Jalan Lumba Kuda,  
Johore Bahru, JOHORE.  
Tel: 3793 J.B.

The Commissioner of Lands and Mines, 21st June 1971.  
Johore,  
Johore Bahru.

10

Dear Sir,

Re: 7,000 acres of land for planting  
of oil palm and for investment  
and the small holders

With reference to your letter Ref: Bil. PTG.  
720/67 Vol. 11 dated 15.5.1971 in connection with  
the above, we wish to give you the following  
information.

Ever since we signed the contract with the  
Government, we encountered many difficulties in  
regard to the weather, the access of road from our  
concession to the main road and the feature of  
land part of which was impossible for extraction of  
timber during the wet season.

20

Late in 1969 when we started the extraction  
of timber, the concession area was worst hit by rain  
and flood and the rain continued intermittently  
throughout 1970 which resulted in another flood towards  
the end of that year.

30

We had spent some time in getting the access  
of road for transportation of timber due to our  
concession being surrounded by the State Land and  
the private estates. The road leading from our  
concession through the State Land and the private  
estates to the 3rd milestone of the Kluang Mersing  
Road is about 9 miles in distance which had to be  
constructed by us and our construction work was very  
often hampered by rain and also by the disturbances  
and objections of many private estate owners.

40

Certain portion of the land was swampy and  
extraction of timber was not made possible until the  
dry days.

However, in spite of the above difficulties, we are still keeping close pace with our schedule scheme and in accordance with the series of your questionnaire, we wish to reply as follows:-

EXHIBITS

A.2  
Letter from  
the Appell-  
ant Company  
to the  
Commissioner  
of lands &  
Mines - 21st  
June 1971  
(cont'd)

- 10 (a) Planting has not been done but it will be carried out in the near future.
- (b) Schedule of planting:-  
15.7.1971 - Felling and clearing of the 1st 1,000, acres will commence.  
30.8.1971 - Burning will take place.  
1.9.1971 - 30.11.1971 - Pruning, stacking and returning of all trees 6" in diameter and below including blukar if weather condition is in our favour.  
1.12.1971 - 31.12.1971 - Linning for roads and holes.  
1.1.1972 - 31.3.1972 - Planting of cover crops that would take about 3 months for 1,000 acres.
- 20 (c) Chemara seeds of D X P will be used for nursery. We had the nursery established in Johore Sugar Plantation, Kota Tinggi and would have another one established at the site marked 'NURSERY' in our concession in the near future.
- (d) Plan of roads in details will be constructed later in accordance with our consultant's advice.
- 30 (e) Location of factory is marked 'FACTORY' on our plan and schedule date for construction and completion will be 1974-1975.
- (f) Residential area for workers is marked 'RES' on our plan.

As regard to the proposal for the 1,500 acres to be amalgamated in the single area with the others, we shall discuss about it again at our meeting.

Thank you very much.

Yours faithfully,  
MAMOR SENDIRIAN BERHAD  
Sgd. Illegible  
Managing Director.

40 c.c. Setia Usaha Menteri Besar Johor.  
Setia Usaha Kerajaan Johor.  
Penguasa Perbadanan Kerajaan Ekonomi  
Negeri Johor.  
Pemelihara Hutan Johor.

EXHIBITS

A.2  
Minutes of  
the Meeting  
held on 26th  
June 1971 at  
the office  
of the  
Director of  
Lands and  
Mines, Johore.  
20th July,  
1971.

A.2 - Minutes of the Meeting held  
on 26th June 1971 at the Office of  
the Director of Lands and Mines,  
Johore

PTG.720/67 Vol. 11

(English Translation)

Minutes of Meeting between the  
Companies alienated with 49,000  
acres of State Land at Kluang and  
the Government held at the Director  
of Lands and Mine's Office on  
26.6.71 at 10.00 a.m.

10

Presents:-

1. Enche Zakaria bin Sulong - Director of Lands & Mines as the Chairman
2. Enche Ibrahim bin Dato Ahmad - Deputy Director of Lands and Mines.
3. Y.B. Dato Hj.Wan Hassan b.A.Halim - State Director of Forest, Johore.
4. Tuan Hj. Basir bin Ismail - Director of State Economic Development Corp.Johore 20
5. Enche Atan bin Yaacob - Collector of Land Revenue, Kluang.
6. Dato T.C. Taang )  
7. Mr. Wong Shen Fun ) - Representatives of the 7  
8. Mr. H.L. Tang ) Oil-palm Companies.  
9. Mr. Tan Choo Laik )
10. Che Bādariah bte Arshađ - Asst. Director of Lands and Mines.
11. Enche Ahmad bin Berek - Asst. Collector of Land Revenue, Kluang. 30
12. Enche Mohd. Ali - from State Economic Dev. Corp. Johore.

2. The Chairman opened the meeting by explaining that the object of holding this meeting was to study and discuss:-

- (i) the context of the agreement made between the 7 companies and the Government executed on 1st June, 1969.
- (ii) To obtain the scheme of works from the 7 Companies. 40

(iii) Information on date of commencement of planting and to know the reason why planting was not done up to now.

(iv) Other matters.

3. The Companies stated the following reasons on why the works of clearing and planting on the land could not be carried out :-

10 (i) Logging works and clearing of the area were greatly hampered and could not be carried out owing to the rainy season and flood havoc in the year 1969 and 1970.

(ii) Absence of roads linking from one area to the other inter-land area and there was no excess. These Companies were now busy providing such roads.

(iii) Much low-lying lands found in the area and during rainy season it was practically impassable.

20 4. After a lengthy discussion, the following resolutions were adopted:-

(a) That the 7 Companies to start planting on the 4th year from the date of execution of the Agreement i.e. 1st June, 1972;

(b) That planting to be done on a least 1000 acres for each block per year and may be increased depending on the ability of the Companies;

30 (c) That the Director of Lands and Mines asked to bring a motion seeking Government's permission to carry out logging works on at least 1000 acres for each block per year and to be increased if permitted by the State Director of Forest. The State Director of Forest who was present at the meeting offered no objections;

40 (d) That planting material and fertiliser should be those approved by the Government and the 7 Companies agreed to let the officials of the State Agricultural Office and the State Economic Development Corporation visit their nurseries at any time;

(e) That interest at appropriate rate be charged on the 5th year from the date of commencement of planting in accordance with para. 3 of the said Agreement;

EXHIBITS

A.2  
Minutes of  
the Meeting  
held on 26th  
June 1971 at  
the office  
of the  
Director of  
Lands and  
Mines,  
Johore - 20th  
July 1971  
(cont'd)

EXHIBITS

A.2  
Minutes of  
the Meeting  
held on 26th  
June 1971 at  
the office  
of the  
Director of  
Lands and  
Mines,  
Johore - 20th  
July 1971  
(cont'd)

(f) That the Director of Lands and Mines to bring a motion to the Government to consider bringing down the payment of deposit of \$70,000, in accordance with the provisions of para. 8 of the Agreement to:-

(i) \$15,000 for block 1 to block 6;

(ii) \$7,000 for block 7.

Amendment of such payment was with the approval of the State Director of Forest, Johore.

(g) All the 7 Companies requested to submit the following to the Director of Lands and Mines, Johore as the Chairman:-

10

(i) Scheme of Works of Planting;

(ii) Road Construction Scheme;

(iii) Method of obtaining planting materials and fertiliser;

(iv) Method of production management;

(v) Factory building;

(vi) Labour force.

5. Meeting adjourned at 11:30 a.m.

20

Sgd. (Zakaria bin Sulong)  
Director of Lands and Mines  
Johore.

Director of Lands and Mines' Office,  
Johore.

Date: 20th July, 1971

A.2. - Letter from the Appellant  
Company to the Commissioner of  
Lands and Mines (English Translation)

EXHIBITS

A.2  
Letter from  
the Appellant  
Company to  
the Commis-  
sioner of  
Lands and  
Mines  
(English  
translation)  
20th July 1971

M.S.B.

20th July, 1971

The Commissioner of Lands and Mines,  
Johore Bahru,  
Johore.

Dear Sir,

10

Re: JOHORE STATE OIL PALM  
AGREEMENT, DISTRICT OF  
KLUANG

With reference to the meeting convened at  
your office on 26.6.71 in regard to the above  
caption, we wish to submit our planting scheme as  
follows:-

- 1.8.71/  
31.10.71 - Main felling, clearing and burning  
of the 1st 1,000 acres will be  
completed.
- 20 11.11.71/  
31.12.71 - Pruning, stacking and reburning of  
all trees 6" diameter and below  
including blukar will be completed.  
(Subject to weather condition)
- 1.1.72/  
30.4.72 - Establishment of Nursery. 16 acres of  
land will be used for nursery of  
80,000 germinated Chemara seeds  
(D x P) at the site marked 'NURSERY'  
on the plan.
- 30 - do - Road alignment, drainage, lining and  
clearing harvesters' paths & planting  
points.
- do - - Establishment of cover crops.
- 1.2.72/  
30.4.72 - Selection of building sites and  
construction of residential quarters  
for employees.
- October/  
December 1972 - Period for field planting. (Nursery  
will be obtained from other area).
- 1972 - 1973 - Selection of factory site and  
preparation of plans, etc. for factory.



EXHIBITS

1975 - 1976 - Construction of factory at the site marked 'FACTORY' on the plan.

A.2

Letter from  
the Appellant  
Company to  
the Commiss-  
ioner of  
Lands and  
Mines  
(English  
translation)  
20th July  
1971  
(cont'd)

Sites marked on plan are tentative and subject to changes depending on suitability, etc.

Meanwhile, we hope you would kindly have the above agreement modified at an early date in accordance with the points recorded in our meeting.

Thanking you very much,

yours faithfully,

10

MAMOR SENDIRIAN BERHAD.

Sgd. Illegible

Managing Director.

c.c. The Secretary to the  
Chief Minister, Johore.  
The State Secretary, Johore.  
The Controller,  
State Economic Development  
Corporation, Johore.  
The State Forest Officer,  
Johore.

20

A.2 - Supplementary Agreement  
between The Government of the  
State of Johore and the Appellant  
Company

STAMP ILLEGIBLE

EXHIBITS

A.2  
Supplementary  
Agreement  
between the  
Government of  
the State of  
Johore and  
the Appellant  
Company - 18th  
September 1972

PRG. 720/67JLD.II

26 SEP 1972

SUPPLEMENTARY AGREEMENT

10 AN AGREEMENT made the 18th day of  
September, 1972 BETWEEN the Government of the  
State of Johore (hereinafter referred to as "the  
Government") of the one part and Mamor Sendirian  
Berhad (hereinafter referred to as the "Lessee")  
of the other part

WHEREAS -

20 (1) This agreement is supplementary to an  
Agreement dated 1st June 1969 and made between the  
Government of the one part and the Lessee of the  
other part (hereinafter referred to as the  
"principal agreement") on the approval of State  
Land to the Lessee by the Government of an area of  
approximately 7,000 acres therein referred to as  
the "approved area" for the purpose of planting oil  
palm upon terms therein mentioned.

(2) The Government and the Lessee desire to  
vary the said terms in the manner hereinafter set  
out.

NOW IT IS HEREBY AGREED as follows:-

- 30 (i) The Lessee shall develop and properly and  
fully plant with oil palm the whole of the  
first 1,500 acres out of the 7,000 acres of  
the approved area by the 31st day of December,  
1973;
- (ii) The period of seven (7) years mentioned in  
Clause 16(a) of the principal agreement shall  
be calculated to take effect from 1st day of  
June, 1972;
- 40 (iii) Subject to only the variations herein  
contained the principal agreement shall  
remain in full force and effect and shall be  
read and construed and be enforceable as if  
the terms of this Agreement were instituted  
therein by way of addition or substitution  
as the case may be

IN WITNESS WHEREOF the parties hereto have  
set their hands the day and year first above  
written.

EXHIBITS

A.2  
Supplementary  
Agreement  
between the  
Government of  
the State of  
Johore and  
the Appellant  
Company - 18th  
September 1972  
(cont'd)

Signed by the SETIA UBAHA )  
KERAJAAN, JOHOR On behalf )  
of the Government as )  
authorised by Section 3 of )  
the Government contracts )  
Ordinance, 1969 in the )  
presence of:- )

Sgd. Illegible

Sgd. Illegible

Signed by the Lessee Dato )  
Tan Oon Kiam and Md Tsang )  
Siew Wai on behalf of the )  
Mamor Sdn. Bhd. in the )  
presence of:- )

Sgd. Illegible

10

Sgd. Illegible

A.2 - Memorandum of Association  
of the Appellant Company

EXHIBITS

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April 1968

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THE COMPANIES ACT, 1965

---

M A L A Y S I A

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PRIVATE COMPANY LIMITED BY SHARES

---

Memorandum

AND

Articles of Association

OF

MAMOR SENDIRIAN BERHAD

---

10

Incorporated on the 14th day of May, 1968

---

FORM 11

COMPANIES ACT, 1965

Section 28(9)  
and 154(1)

NOTICE OF RESOLUTION

MAMOR SDN. BHD.

To The Registrar of Companies,  
Kuala Lumpur.

20

At an Extraordinary General Meeting of the  
Members of Mamor Sdn. Bhd. duly convened and held  
at the registered office 59B, Jalan Ah Fook Johore  
Bahru on the 11th day of February 1974 the Special  
Resolution set out below was duly passed.

30

That the sum of \$2,650,000 being part of the  
amount now standing to the credit of capital  
reserve of the company be capitalised and that  
the same be applied in making payment in full at  
par for shares of \$1 each in the capital of the  
company, such shares to be distributed as fully  
paid among the persons who were registered as  
the holders of the ordinary shares in the  
capital of the company on 11th February 1974  
in proportion to the shares held by such persons.

Dated this 11th day of February 1974

LIEW KUEK HIN  
Secretary

EXHIBITS

Form 9

(Courts 564)

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

COMPANIES ACT, 1965

[Section 16(4)]

No. of company  
192/68

CERTIFICATE OF INCORPORATION OF PRIVATE COMPANY

This is to certify that MAMOR SENDIRIAN BERHAD is, on and from the 14th day of May, 1968, incorporated under the Companies Act, 1965, and that the company is\* a company limited by shares and that the company is a private company. 10

Given under my hand and seal, at Kuala Lumpur, this 14th day of May, 1968.

SEAL

(Sgd.) S. SAMBASIVAM.  
Deputy Registrar of Companies,  
Malaysia.

\*Insert whether company is:-

- (a) A company limited by shares.
- (b) A Company limited both by shares and guarantee. 20

THE COMPANIES ACT, 1965

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

Mamor Sendirian Berhad.

Name.

1. The name of the Company is "MAMOR SENDIRIAN BERHAD".

Office.

2. The registered office of the Company will be situated in Malaysia. 30

Objects.

3. The objects for which the Company is established are all or any of the following, it

being intended that the objects or all or any objects specified in each paragraph of this clause shall except and unless where otherwise expressed in such paragraph be in no wise limited or restricted by reference to or inference from the terms of any other paragraph or group of paragraphs and shall be capable of being pursued as an independent object and either alone or in conjunction with all or any one or more of the other objects specified in the same or in any other paragraph or group of paragraphs and the discontinuance or abandonment of all or any of the business or objects hereinafter referred to shall not prevent the Company from carrying on any other business authorised to be carried on by the Company and it is hereby expressly declared that in the interpretation of this clause the meaning of any of the Company's objects shall not be restricted by reference to any other object or by the just a position of two or more of them and that in the event of any ambiguity this clause shall be construed in such a way as to widen and not restrict the powers of the Company:-

EXHIBITS  
A.2  
Memorandum  
of Associa-  
tion of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

To carry on business as planters.

- 30 (1) To carry on the business of planters and cultivators of and dealers in all kinds and descriptions of produce, including rubber, guttapercha, jelutong, tea, coffee, cinchona, pineapple, coconuts, sugar, sago, tapioca, pepper, gambier, palm oil and other product of the soil and to prepare, manufacture and render marketable any such produce, and to sell, dispose of and deal in any such produce either in its raw state or as prepared or manufactured and either by wholesale or retail.

To carry on business as general merchants, etc.

- 40 (2) To carry on the business of rubber estate owners, rubber planters, millers and manufacturers, brokers, agents, merchants, importers and exporters of and dealers in rubber goods and articles of all kinds or nature and all other business in any way connected with the rubber industry.

To invest in property, etc.

- 50 (3) To purchase, take on lease, hire or otherwise acquire for purposes of investment in Malaysia or elsewhere any real or personal property or any rights or interests therein, which the Company may think necessary or convenient and in particular any lands, plantations, estates, houses, buildings, flats, factories, warehouses, plant, machinery, patents,

EXHIBITS

A 2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

concessions, trade marks, trade names,  
copyrights, licences, stocks, material or  
property of any description, and to work,  
use, maintain and improve, let, surrender,  
mortgage, charge, vary or dispose of the  
same or any other property of the Company,  
including in respect of any patent or patent  
rights belonging to the Company, the grant  
of licences or authorities to any person,  
corporation, or company to work the same.

10

To develop land, etc.

- (4) To develop and turn to account any land  
acquired by or in which the Company is inter-  
ested, and in particular by laying out and  
preparing the same for building purposes,  
constructing, decorating, maintaining,  
furnishing, fitting up improving altering  
pulling down and re-erecting or reconstructing  
buildings and by planting, paving, draining,  
farming, cultivating, letting on building  
lease or building agreement and by advancing  
money to and entering into contracts and  
arrangements of all kinds with builders,  
tenants and others.

20

To deal in immovable property

- (5) To purchase, take on lease or otherwise  
howsoever acquire and to obtain or grant  
options over traffic and otherwise deal in  
or turn to account sell grant leases and  
tenancies of lands, houses, buildings, ease-  
ments, rights, privileges, concessions and  
immovable property of any description or  
tenure whatsoever in any part of the world  
and every manner of right or interest therein.

30

To carry on business as rubber merchants, etc.

- (6) To purchase, establish and carry on business  
as general merchants, manufacturers, importers,  
commission agents, del credere agents,  
removers packers storers, storekeepers  
factors and manufacturers of and dealers in  
foreign and local produce manufactured goods  
materials and general merchandise and to  
import buy prepare manufacture render  
marketable sell barter exchange pledge charge  
make advances on and otherwise deal in or  
turn to account produce goods materials and  
merchandise generally either in their  
prepared manufactured or raw state and to  
undertake carry on and execute all kinds of  
financial commercial trading and other

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50

manufacturing operations and all business whether wholesale or retail usually carried on by Eastern merchants.

EXHIBITS

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

To carry on agency business

- 10 (7) To carry on the business of and act as factors brokers manufacturer's representatives commission insurance and general agents managing agents financial agents company promoters, underwriters and dealers in options of every kind and to undertake any business commonly undertaken in connection with all or any of such business.

To carry on business as importers and exporters

- 20 (8) To carry on the business of importers and exporters of all kinds of merchandise including fertilizer, tyres, building materials of every description, textiles, photographic goods, electrical goods, watches, motor vehicles and yarns, and prepare, manufacture and render marketable any such commodities, and to sell, dispose of and deal in any such commodities either in their raw state or as prepared or manufactured and either by wholesale or retail.

To carry on Hire Purchase business, etc.

- 30 (9) (i) To carry on in Malaysia or elsewhere all or any one or more of the following businesses, namely, the buying, selling, letting on hire, hire purchase, or easy payment system of, manufacturing and contractors of and dealers in household or office furniture and domestic or business appliances, installation fittings, machinery, motor-cars, taxicabs, automobiles, tramcars, chars-a-bancs, motor lorries and wagons, and motor-vehicles of all kinds and descriptions, cycles, bicycles, coaches, carriages, and all other vehicles of all kinds whatsoever, whether moved, propelled or drawn by motor, steam, oil, petrol, electricity, or any mechanical or other power or device, 40 agricultural implements and machinery of all sorts, airships, aeroplanes, balloons, and all other machines, vehicles or devices now or hereafter used for travelling by air, and all motors, machinery, mechanical and other parts, tools, plant, implements, utensils, appliances, apparatus, requisites and accessories for all the classes of the above- 50 mentioned vehicles or any parts thereof,



EXHIBITS

A.2  
Memorandum  
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Appellant  
Company  
2nd April  
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(cont'd)

pianos, furniture, wireless and television receivers, telephone or other apparatus, and all other things of whatsoever nature or description capable of being used therewith or in the manufacture, maintenance and working thereof.

(ii) To buy, sell, alter, repair, exchange, deal in and finance the sale of furniture, apparatus, machinery, materials, goods and articles of every description, to hire out or sell any of the same on the hire purchase system and to carry out by contract or otherwise any work connected therewith.

10

To carry on instalment system business, etc.

(10) To carry on the business of financiers for the promotion of the sale for cash or on credit or on the instalment system, hire purchase, hire agreement or easy payment or otherwise of wireless and television apparatus, radio gramophones, gramophones and electrical equipment and machinery, appliances, requisites, accessories and supplies of every description, and generally any other article or articles which can be advantageously or conveniently dealt with by the Company in connection with or as accessory or cognate to the said business of the Company and in connection therewith or otherwise to lend and advance money to or negotiate loans on behalf of such persons, firms or companies and on such terms as may seem expedient and in particular to or on behalf of persons, firms or companies, concerned in any way whatever in the sale or purchase in manner aforesaid of any of the foregoing articles or goods.

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30

To build and construct works, etc.

(11) To build, construct, alter, maintain, enlarge, pull down, remove or replace, and to work, manage and control any buildings, offices, factories, mills, shops, machinery, engines, roads, ways, tramways, railways, branches of sidings, bridges, reservoirs, watercourses, wharves, electric works and other works and conveniences which may seem calculated directly or indirectly to advance the interests of the Company, and to join with any other person or company in doing any of these things.

40

To receive moneys on deposit

(12) The accumulation of capital by means of monthly

subscriptions or otherwise and also by borrowing moneys from members, depositors or any other persons on such security and upon such terms as may from time to time be arranged, except where prohibited by Section 15(1)(d) of the Act.

EXHIBITS

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

To advance or lend moneys on security

- 10 (13) To advance or lend any of the aforesaid capital or other moneys of the Company for the time being to members depositors and others upon the security of freehold or leasehold property by way of mortgage or charge or upon marketable security, and in particular to advance money to members depositors and others upon the security of or for the purpose of enabling the person borrowing to erect, or purchase, or enlarge or repair any house or buildings, or to  
20 purchase the fee simple or any less estate or interest in or to a demise for any term or terms of years of any immovable property in Malaysia or elsewhere upon such terms and upon such conditions as the Company may think fit.

Chemists

- 30 (14) To carry on all or any of the business of transport, cartage and haulage contractors, garage proprietors, owners and charterers of road vehicles, aircraft and ships, tugs, barges and boats of every description, lightermen and carriers of goods and passengers by road, rail, water or air, carmen, cartage contractors and agents, forwarding, transport and commission agents, Customs agents, stevedores, wharfingers, cargo superintendents, packers, hauliers, warehousemen, storekeepers, engineers, electricians and jobmasters.

Mining, etc.

- 40 (15) (a) To purchase, take on lease, or otherwise acquire, any mines, mining rights, and metalliferous land in Malaysia, or elsewhere, and any interest therein, and to explore, work, exercise, develop, and turn to account the same.

(b) To crush, win, get, quarry, smelt, calcine, refine, dress, amalgamate, manipulate, and prepare for market, ore, metal and mineral substances of all kinds, and to carry

EXHIBITS

A.2

Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

on any other metallurgical operations which may seem conducive to any of the Company's objects.

(c) To buy, sell, manufacture, and deal in minerals, plant, machinery, implements, conveniences, provisions, and things capable of being used in connection with metallurgical operations, or required by workmen and others employed by the Company.

(d) To construct, carry out, maintain, improve, manage, work, control, and superintend any roads, ways, tramways, railways, bridges, reservoirs, watercourses, aqueducts, wharves, furnaces, saw-mills, crushing works, hydraulic works, electrical works, factories, warehouses, shops, and other works and conveniences which may seem directly or indirectly conducive to any of the objects of the Company, and to contribute to, subsidise, or otherwise aid or take part in any such operations.

10

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To carry on the business of flat proprietors, etc.

(16) (a) To carry on all or any of the business of proprietors of flats, maisonettes, dwelling-houses, shops, offices and clubs, and for these purposes to purchase, take on lease, or otherwise acquire and hold any lands or buildings of any tenure or description wherever situate, or rights or interests therein or connected therewith; to prepare building sites, and to construct, reconstruct, pull down, alter, improve, decorate, furnish and maintain flats, maisonettes, dwelling houses, shops, offices, clubs, buildings, works and conveniences of all kinds; to lay out roads and pleasure gardens and recreation grounds; to plant drain or otherwise improve the land or any part thereof.

30

(b) To manage, or let the same or any part thereof for any period, whether belonging to the Company or not, and at such rent and on such conditions as the Company shall think fit; to collect rents and income, and to supply to tenants and occupiers and others, light, heat, refreshments, attendants, messengers, waiting-rooms, reading-rooms, meeting-rooms, lavatories, bath houses, laundry conveniences, electric conveniences, garages, recreation facilities and other advantages which from time to time the Company shall consider desirable, or to provide for

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such management, letting and advantages as aforesaid by employing any person, firm or company to carry out or supply the same or such terms as the Company may think fit.

EXHIBITS

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

To carry on business as stevedores, etc.

- 10 (17) To carry on business as stevedores, merchants, carriers by land, water and air, freight contractors, managers of shipping property, ship owners, aircraft owners, warehousemen, wharfingers, barge-owners, lightermen, forwarding agents, underwriters and insurers of ships, goods and other property and ice merchants and refrigerating storekeepers; to purchase, take in exchange, or otherwise acquire and hold ships and vessels or any shares in interests in ships or vessels or aircraft or any shares in interests in any aircraft and also shares, stocks and securities of any companies  
20 possessed of or interested in any ship or vessel or aircraft and to maintain, repair, improve, alter, exchange or let-out to hire or charter or otherwise deal with and dispose of any ships, vessels, shares or securities as aforesaid

To carry on shipping business, etc.

- 30 (18) To build, purchase, take in exchange, or otherwise acquire, and hold, ships, vessels, rolling stock, or any other craft whatsoever, or any shares or interests therein, and to maintain, repair, improve, alter, sell, exchange, or let out on hire or charter, or otherwise deal with and dispose of any ships, vessels, rolling stock or any other craft, and to carry on all or any of the businesses of shipowners, shipbrokers, managers of shipping property, freight contractors, carriers by land, sea, and air, barge owners, lightermen, forwarding agents, ice merchants,  
40 refrigerating storekeepers, warehousemen and wharfingers.

Timber merchants, etc.

- 50 (19) To carry on business as timber merchants, saw-mill proprietors and timber growers, and to buy, sell, grow, prepare for market, manipulate, import, export, and deal in timber and wood of all kinds, and to manufacture and deal in articles of all kinds in the manufacture of which timber or wood is used, and to carry on business as shipowners and

EXHIBITS

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

carriers by land and sea, and, so far as may be deemed expedient, the business of general merchants, and to buy, clear, plant, and work timber estates, and to carry on any other businesses which may seem to the Company capable of being conveniently carried on in connection with any of the above, or calculated directly or indirectly to render profitable or enhance the value of the Company's property or rights for the time being.

10

Building contractors

- (20) To carry on the business of a building contractor.

To invest in shares

- (21) To take buy or otherwise acquire shares stocks debentures or other securities issued by any other company to invest upon or without security and deal with the moneys of the Company in such manner as may from time to time be determined and to hold any such shares securities or investments or at any time or times to sell realise and deal in and with the same and to re-invest the proceeds.

20

To deal in securities

- (22) To underwrite obtain options over purchase or otherwise acquire hold and grant options over sell and otherwise traffic and deal in securities of all kinds, including shares stocks debentures, debenture stock bond and other obligations issued or guaranteed by any government, statepublic body, company or corporation whatsoever in any part of the world and to exercise or enforce all rights and powers conferred by or incident to the ownership or holding of any such securities.

30

To carry on business as financiers

- (23) To carry on all or any of the businesses ordinarily carried on by financiers or capitalists except the business of banking.

To deal in all substances, etc.

40

- (24) To buy, sell, manipulate, import, export and deal in all substances, apparatus and things capable of being used in any such business as aforesaid or required by any persons having dealings with the Company either by wholesale or retail.

Engineering

EXHIBITS

- 10 (25) To carry on the business of engineering in all its branches and the business of iron and steel foundry, colliery proprietors smelters drawers of steel copper and other metals, metal stampers and spinners, mechanical engineers, and manufacturers of and dealers in aeroplanes, locomotives, motor and other vehicles and conveyances, implements and machinery of all kinds, manufacturers of explosives armaments and ammunition of all kinds toolmakers, fitters, brass-founders, metal-workers, boiler-makers, millwrights, machinists, iron and steel converters, smiths, wood-workers, builders, painters, metallurgists, gas-makers, printers, carriers and commission and general agents, and to buy, sell, manufacturer repair, convert, alter, let on hire, and deal in iron, steel and other minerals, and in vehicles and conveyances, machinery, explosives, armaments, ammunition, implements, stoves, refrigerators, wireless machines and apparatus and hardware of all kinds.
- 20

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

Machinery and equipment, etc.

- 30 (26) To carry on the business and industry of manufacturers, importers, exporters, and general dealers in machinery, tools equipment and hardware of every description and particularly all such as are requisite for or applicable to all classes of mechanical plant or engineering commercial agricultural and construction work, or for the maintenance and development of such work, and to enter into undertake and carry out all classes of such work including the construction of steam or internal combustion engines, motor-cars, motor-boats, aeroplanes and every class of vehicle and boat; also wireless machines refrigerators, electric, gas and fuel stoves and washing machines and the respective equipment and appliances in connection with any of the foregoing plant and effects or for the purposes of all or any of the business and undertakings capable of being carried on by this Company or any company in which it may be interested and to manufacture, purchase, acquire and generally deal in all commodities, equipment, utensils, furnishings and effects required by or incidental to or convenient for the use in any such businesses and undertakings.
- 40
- 50

EXHIBITS

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April  
1968  
(cont'd)

To deal in movable property

- (27) To obtain option over purchase or otherwise howsoever acquire and to improve, manage and develop and to grant options and licences over sell and otherwise deal in movable property choses in action and rights of any kind whatsoever in any part of the world.

To improve, etc.

- (28) To improve, manage, develop, sell, exchange, lease, demise, hire mortgage, charge, enfranchise, dispose of turn to account or otherwise deal with all or any part of the property assets and rights of the Company.

10

To vest property in trustees, etc.

- (29) To vest any real or personal property, rights or interest acquired by or belonging to the Company in any person or company on behalf of or for the benefit of the Company, and with or without any declared trust in favour of the Company.

20

To act as trustees

- (30) To undertake and execute any trust the undertaking whereof may seem desirable and either gratuitously or otherwise.

Advertising contractor

- (31) To carry on the business of advertising contractors and agents, and any other business which may be usefully carried on in connection with such business, and to acquire and undertake the whole or any part of the business, property and liabilities of any person firm or company carrying on business as such contractors or agents, or any other business which may be usefully carried on in connection therewith, and to carry on the business of manufacturers of all kinds of apparatus, appliances, plant and material and employed by advertising contractors in their business, and to sell, dispose of, and use the same for the purposes of the business of the Company.

30

40

To purchase patents and other rights

- (32) To purchase or otherwise acquire patents, patent rights, right of analogous character, brevets d'invention, concessions, licences and the like conferring any exclusive or non-exclusive or limited right to use any invention

which may seem capable of being used for any of the purposes of this Company, secret processes, trade marks, copyrights or any concession of any nature from any government or other authority which may be advantageous to this Company, or grant licences in respect of or otherwise turn to account the property, rights or information so acquired.

EXHIBITS  
A.2  
Memorandum  
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Appellant  
Company  
2nd April,  
1968

To carry on other business, etc.

(cont'd)

- 10 (33) To carry on any other business (whether similar to any of the above mentioned business or not) which may seem to the Company capable of being conveniently carried on in connection with the above mentioned business or any of them or calculated directly or indirectly to enhance the value of or render profitable any of the Company's business property or rights.

To establish agencies

- 20 (34) To establish agencies and branch business and to procure the Company to be registered and recognised in any part of the world and to regulate carry on or discontinue the same.

Partnership

- 30 (35) To enter into partnership or arrangement in the nature of a partnership, corporation or union of interests, with any person or persons or corporation engaged or interested or about to become engaged or interested in the carrying on or conduct of any business or enterprise which this Company is authorized to carry on or conduct or from which this Company would or might derive any benefit, whether direct or indirect.

To acquire any business the Company can carry on

- 40 (36) To acquire and undertake the whole or any part of the business property and liabilities of any person or persons firm or company carrying on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of the Company.

To amalgamate

- (37) To amalgamate with any company having objects altogether or in part similar to those of the Company and to enter into partnership or into any arrangement for sharing profits union of interests co-operation joint adventure



EXHIBITS

A.2

Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April,  
1968  
(cont'd)

reciprocal concession or otherwise with any person or persons firm or company carrying on or engaged in or about to carry on or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit the Company.

To pay for property in shares.

- (38) To pay for any property or rights to be acquired by the Company either in cash or by shares (with or without preferred or deferred rights) or any securities which the Company has power to issue and generally on such terms as may be thought fit.

10

To negotiate cheques, etc.

- (39) To draw make accept endorse discount and negotiate cheques promissory notes bills of exchange bills of lading charter-parties warrants debentures and other negotiable or transferable instruments.

20

To guarantee

- (40) To guarantee or become liable for the payment of money or for the performance of any contract duty or obligation by any person or persons, firm or company.

To borrow, mortgage, issue debentures, etc.

- (41) To borrow or raise money with or without security and to secure the payment of money or the performance of any obligation in such manner and upon such terms as may seem expedient and in particular by the issue of bonds mortgage or other debentures or securities (perpetual or otherwise) or by mortgage charges bills of exchange or promissory notes or by any other instrument or in such purpose to charge all or any part of the undertaking and property assets of the Company both present and future including its uncalled capital and either with or without participation in profits and voting power.

30

40

To sell the undertaking.

- (42) To sell or dispose of the undertaking property and assets of the Company or any other part thereof at such time in such manner and for such consideration as may be thought fit.

To promote other companies

EXHIBITS

- 10 (43) To establish or promote any other company or companies for the purpose of acquiring the business and undertaking or all or any of the property rights and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company and to acquire and hold any shares or securities of any such company.

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April,  
1968  
(cont'd)

To accept payment in shares or debentures

- 20 (44) To accept payment for the undertaking or any property or rights sold or otherwise disposed of or dealt with by the Company either in cash or by instalments or otherwise or in shares credited as fully or partly paid up in any company or companies with or without deferred or preferential rights in respect of dividends or payment of capital or otherwise or by means of mortgages or by debentures, debenture stock (perpetual or otherwise) or obligations or securities of any company or companies or partly in one mode and partly in another and generally on such terms as the Company may determine.

To pay preliminary expenses

- 30 (45) To pay all or any part of the expenses of and preliminary and incidental to the promotion formation establishment and registration of the Company and all commission brokerage discount underwriting and other expenses lawfully payable which may be deemed expedient for taking placing or underwriting all or any of the shares or debentures or other obligations of the Company.

To obtain ordinances or legislative enactment

- 40 (46) To obtain or in any way assist in obtaining any ordinance or enactment of any legislative authority for enabling this or any other company to carry any of its objects into effect or for effecting any modification of this or any other company's constitution or for any other purpose and to oppose any legislation proposals proceedings schemes or applications whether indicated in this paragraph or not which may seem calculated directly or indirectly to prejudice this or any other company.

EXHIBITS

A.2

Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April,  
1968  
(cont'd)

To make arrangements with governments and public bodies

- (47) To enter into any arrangements with any governments or authorities supreme municipal local or otherwise that may seem conducive to the Company's objects or any of them and to obtain from any such government or authority any rights privileges and concessions which the Company may think it desirable to obtain and to carry out exercise and comply with any such arrangements rights privileges and concessions

10

To remunerate persons rendering services to the Company

- (48) To remunerate any person firm or company rendering services to this Company either by cash payment or by the allotment to him or them of shares or securities of the Company credited as paid up in full or in part or otherwise as may be thought expedient.

20

To support charitable institution, and give pensions and gratuities

- (49) To support and subscribe to any charitable or public object, and any institution society or club which may be for the benefit of the Company or its employees or may be connected with any town or place where the Company carries on business; to give pensions gratuities or charitable aid to any persons who may have been Director of or may have served the Company or to the wives children or other relatives or dependents of such persons; to make payments towards insurance and to form and contribute to provident and benefit funds for the benefit of any of such persons or of their wives children or other relatives or dependents.

30

To distribute property among members in specie

- (50) To distribute whether upon the winding up of the Company or otherwise all or any of the assets and property of the Company among the members in specie or in kind or otherwise but so that no distribution amounting to reduction of capital be made without the sanction of the court where necessary.

40

To act in any part of the world

- (51) To do all or any of the above things in any part of the world on behalf of the Company or

on behalf of any other company and as principal agents contractors trustees or otherwise or by or through trustees agents or otherwise and either alone or in conjunction with another or others.

EXHIBITS

A.2  
Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April,  
1968  
(cont'd)

To do every thing conducive to objects.

- 10 (52) To do all such other things as are or may be incidental or conducive to the attainment of the preceding objects or any part of them.
- (53) To make donations for patriotic or for charitable purposes.
- (54) To transact any lawful business in aid of Malaysia in the prosecution of any war or hostilities in which Malaysia is engaged.

Liability of members.

4. The liability of the members is limited.

Capital

- 20 5. The capital of the Company is \$5,000,000/- divided into 5,000,000 shares of \$1/- each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.
- 30

40 We, the several persons whose names, addresses and descriptions are subscribed hereto are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names.

---

Names, Addresses and Descriptions of Subscribers	Number of Shares taken by each Subscriber
---	---

---

TAN KIM SENG, 7 Jalan Segget, Johore Bahru	Merchant	One
---	----------	-----

EXHIBITS

A.2

Memorandum  
of Association  
of the  
Appellant  
Company  
2nd April,  
1968  
(cont'd)

Names, Addresses and Descriptions of Subscribers	Number of Shares taken by each Subscriber
THAM POH YEN, 5-A, Jalan Ah Siang, Johore Bahru	Merchant One
Total number of shares taken	Two

Dated this 2nd day of April, 1968.

Witness to the above Signatures:-

TAN CHOON CHYE, F.A.C.C.A., C.P.A. (M), P.A.S.,  
Certified Accountant,  
50-C Jalan Bukit Bintang,  
Kuala Lumpur.

10

A.3 - Audited Accounts for the  
Year ended 31st December  
1969

MAMOR SDN. BERHAD  
(Incorporated in Malaysia)

DIRECTORS' REPORT

EXHIBITS  
A.3  
Audited  
Accounts for  
the year  
ended 31st  
December  
1969

The Directors submit the audited Profit & Loss Account and Balance Sheet for the year ended 31st December, 1969.

10           The Net Loss for the year, after all charges,  
was \$39,858.18  
=====

Your Directors wish to state:-

- (a) that in their opinion the results of the operations of the company in the period covered by the profit & Loss account have not been materially affected by items of an abnormal character.
- 20           (b) that no circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.
- (c) that no contingent liabilities which have not been discharged have been undertaken by the company in the period covered by the profit & loss account.
- 30           (d) that no contingent liabilities have become enforceable or are likely to become enforceable within the succeeding period of twelve months which will materially affect the Company in its ability to meet its obligations as and when they fall due.
- (e) that the number of shares in the company held by each director are:-

<u>Name of Directors</u>	<u>At Commence- ment</u>	<u>Bought during period</u>	<u>Sold during period</u>	<u>At End</u>
Dato Tsang Tak Chuen	1	603,999	Nil	604,000
Mr. Tan Oon Kiam	1	165,999	Nil	166,000
Madam Tsang Siew Wai	Nil	10,000	Nil	10,000

EXHIBITS

DIRECTORATE:

A.3  
Audited  
Accounts for  
the year  
ended 31st  
December  
1969  
(cont'd)

In accordance with the Articles of Association Madam Tsang Siew Wai retires by rotation and being eligible offer herself for re-election.

AUDITORS:

Messrs. Tan Choon Chye & Company, Certified Public Accountants (Malaysia), retire and they offer themselves for re-appointment.

For the Directors,

10

Sgd. T.S.T. Chuen  
(DATO TSANG TAK CHUEN  
MANAGING DIRECTOR

Dated; 10th August, 1970.

M A M O R S D N . B E R H A D

SHARIKAT TAN CHOON CHYE, (Incorporated in Malaysia)  
TANCHOON CHYE & COMPANY  
Singapore - Kuala Lumpur - Johore Bahru

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1969

Office Rent	\$ 1,350.00	Net Loss for the year c/d	\$39,858.18
Bank Charges & Interest	65.30		
Loan Interest	29,807.03		
Legal Expenses	7,189.75		
Printing & Stationery	68.00		
Sundry Expenses	78.10		
Secretarial fees	600.00		
Accountancy Fees	300.00		
Audit Fees	400.00		
	<u>\$39,858.18</u>		<u>\$39,858.18</u>
	=====		=====
Net Loss for the year b/d	39,858.18	Balance carried to Balance Sheet	\$45,414.18
Preliminary Expenses written off	5,556.00		
	<u>\$45,414.18</u>		<u>\$45,414.18</u>
	=====		=====

BALANCE SHEET AS AT 31ST DECEMBER, 1969

SHARE CAPITAL

Authorised:-  
5,000,000 Shares of  
\$1/- each \$5,000,000.00  
=====

FIXED ASSETS

- Leasehold Land - at cost \$824,524.00  
Plantation Development -  
at cost 12,600.00  
\$837,124.00

EXHIBITS  
A.3  
Audited  
Accounts for  
the year  
ended 31st  
December,  
1969  
(cont'd)



<p>Issued:- 830,000 shares of \$1/- each fully paid                   \$830,000.00</p> <p><u>PROFIT &amp; LOSS ACCOUNT -</u> Deficit                               <u>(45,414.18)</u> \$784,585.82</p> <p><u>LONG TERM LIABILITY</u> Loan (Secured) Payable later than 12 months           611,672.03</p> <p><u>CURRENT LIABILITIES</u> Other Creditors \$28,600.00 Accrued Charges                <u>945.50</u>   <u>29,545.50</u> \$1,425,803.35                   \$5,556 =====</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>\$5,556</p>	<p><u>CURRENT ASSETS</u> Other Debtor                       \$ 15,000.00 Director's Account - Dato Tsang Tak Chuen   572,914.00 Cash at Bank                       565.35 Cash in Hand                       <u>200.00</u>   588,679.35</p> <p><u>INTANGIBLE ASSET</u> Preliminary Expenses       \$ 5,556.00 Less: Amount written off                                       <u>5,556.00</u>       NIL</p> <p style="text-align: right;">\$1,425,803.35 =====</p>
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AUDITORS' REPORT TO MEMBERS OF  
M A M O R   SDN.   B E R H A D

In our opinion:-

- (a) the foregoing Balance Sheet and Profit & Loss Account are properly drawn up in accordance with the provisions of the Companies Act 1965 and so as to give a true and fair view of the state of the company's affairs at 31st December, 1969 and of the results of the year ended on that date.
- (b) the accounting and other records (including registers) examined by us are properly kept in accordance with the provisions of the said Act, and
- (c) the directors' report, in so far as it is required by the said Act to deal with matters dealt with in the accounting and other records examined by us, gives a true and fair view of such matters.

Sgd. Illegible, TAN CHOON CHYE ' COMPANY,  
CERTIFIED PUBLIC ACCOUNTANTS (MALAYSIA), AUDITORS.  
STATEMENT ON BEHALF OF THE DIRECTORS

In our opinion the profit and loss account is drawn up so as to give a true and fair view of the results of the business of the company for the period from 1st January, 1969 to 31st December 1969 and the balance sheet is drawn up so as to exhibit a true and fair view of the state of affairs of the company as at 31st December 1969. Sgd. DIRECTORS 10th Augst. 1970.

A.3 - Audited Accounts for the  
year ended 31st December, 1970

EXHIBITS  
A.3  
Audited  
Accounts for  
the year  
ended 31st  
December 1970

MAMOR SDN. BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors submit the audited Profit & Loss Account and Balance Sheet for the year ended 31st December, 1970.

10 The Net Loss for the year, after all charges including depreciation, was \$7,080.65  
=====

Your Directors wish to state:-

- (a) that in their opinion the results of the operations of the company in the period covered by the profit & loss account have not been materially affected by items of an abnormal character.
- 20 (b) that no circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.
- (c) that no contingent liabilities which have not been discharged have been undertaken by the company in the period covered by the profit & loss account.
- 30 (d) that no contingent liabilities have become enforceable or are likely to become enforceable within the succeeding period of twelve months which will materially affect the Company in its ability to meet its obligations as and when they fall due.
- (e) that the number of shares in the company held by each director are:-

<u>Name of Directors</u>	<u>At Commence- ment</u>	<u>Bought during period</u>	<u>Sold during period</u>	<u>At End</u>
Dato Tsang Tak Chuen	604,000	NIL	NIL	604,000
Mr. Tan Oon Kiam	166,000	NIL	NIL	166,000
Md. Tsang Siew Wai	10,000	NIL	NIL	10,000

EXHIBITS

DIRECTORATE:

A.3  
Audited  
Accounts for  
the year  
ended 31st  
December 1970  
(cont'd)

In accordance with the Articles of  
Association Mr. Tan Oon Kiam retires by rotation  
and being eligible offer himself for re-election.

AUDITORS:

Messrs. Tan Choon Chye & Company, Certified  
Public Accountants (Malaysia), retire and they  
offer themselves for re-appointment.

For the Directors:

Sgd. Illegible  
(DATO TSANG TAK CHUEN)  
MANAGING DIRECTOR

10

Dated: 25th August 1971.

TAN CHOON CHYE & COMPANY  
Singapore - Kuala Lumpur -  
Johore Bahru

MAMOR SDN. BERHAD  
(Incorporated in Malaysia)

BALANCE SHEET AS AT 31ST DECEMBER, 1970

<u>SHARE CAPITAL</u>	1969	<u>FIXED ASSETS</u>
Authorised:-	\$ 824,524	Leasehold Land - at
5,000,000 shares		cost
of \$1/- each	\$5,000,000.00	
		\$ 824,524.00
		Plantation Development -
		at cost
	12,600	\$12,600.00
Issued:-		Additions in
830,000 Shares of		1970
\$1/- each fully paid	\$ 830,000.00	62,275.05
		65,475.05
		Furniture
		66.50
		Less depreciation
	-	6.65
		59.85
<u>PROFIT &amp; LOSS ACCOUNT - Deficit</u>	-	
as per statement attached	(52,494.87)	\$ 890,858.90
	\$ 837,124	
	777,505.13	
		<u>CURRENT ASSETS</u>
<u>LONG-TERM LIABILITY</u>		Trade Debtors
Loan (Secured)	636,997.03	107,252.01
		Other Debtors
		62,773.30
		Director's
		Account
		572,914.00
<u>CURRENT LIABILITIES</u>		Deposits
Trade Creditors	\$ 80,825.56	5,019.26
Other Creditors	112,790.35	Prepayment
Bank Overdraft		247.90
(unsecured)	45,606.41	Cash at Bank
Accrued Charges	4,909.00	368.11
	244,131.32	Cash in Hand
		-
	\$1,658,633.48	768,574.58
	\$1,425,803	
	\$1,658,633.48	
	\$1,425,803	

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EXHIBITS  
A.3  
Audited  
Accounts for  
the year  
ended 31st  
December  
1970  
(cont'd)

EXHIBITS

AUDITORS' REPORT TO MEMBERS OF  
MAMOR SENDIRIAN BERHAD

A.3  
Audited  
Accounts for  
the year  
ended 31st  
December  
1970  
(cont'd)

We have examined the foregoing Balance Sheet and Profit & Loss Account with the books and vouchers of the Company and report as follows:-

- (1) We have not requested for confirmation on the Creditors, Debtors and Deposits.
- (2) No provision has been made for Development Tax \$500/- for Y/A 1971.
- (3) Subject to the above remarks, in our opinion:-
  - (a) the foregoing Balance Sheet and Profit & Loss Account are properly drawn up in accordance with the provisions of the Companies Act 1965 and so as to give a true and fair view of the state of the company's affairs at 31st December, 1970 and of the results for the year ended on that date. 10
  - (b) the accounting and other records (including registers) examined by us are properly kept in accordance with the provisions of the said Act, and 20
  - (c) the directors' report, in so far as it is required by the said Act to deal with matters dealt with in the accounting and other records examined by us, gives a true and fair view of such matters.

Sgd. Illegible  
TAN CHOON CHYE & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS  
(MALAYSIA), 30  
AUDITORS.

25th August, 1971.

STATEMENT ON BEHALF OF THE DIRECTORS

In our opinion the profit and loss account is drawn up so as to give a true and fair view of the results of the business of the company for the period from 1st January, 1970 to 31st December, 1970 and the balance sheet is drawn up so as to exhibit a true and fair view of the state of affairs of the company as at 31st December, 1970. 40

Sgd. Illegible )  
Sgd. Illegible ) Directors.

TAN CHOON CHYE & COMPANY  
 Singapore - Kuala Lumpur -  
 Johore Bahru

MAMOR SENDIRIAN BERHAD  
 (Incorporated in Malaysia)

SHARIKAT TAN CHOON CHYE

WORKING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST  
 DECEMBER, 1970

		<u>1969</u>		
Forest Royalty	\$ 59,960.74	\$ -	Sales of Logs	\$312,061.81
Logging Charges	103,462.02			
Land Rent	24,257.00			
Sales Agent's Commission	6,711.31			
Gross Profit c/d	<u>117,650.74</u>			
	\$312,061.81	\$ -		<u>\$312,061.81</u>
	=====	=====		=====
Salaries & Allowances	\$ 4,816.30	\$ -	Gross Profit b/d	\$117,650.74
Employees' Provident Fund	26.00	-	Sundry Income	100.00
Medical Expenses	15.10	39,858	Net Loss for the year c/d	7,080.69
Travelling Expenses	5.00			
Office Rent	1,800.00			
Loan Interest	112,288.51			
Legal Expenses	-			
Printing & Stationery	9.50			
Rentals & Service Charges	2,110.00			
Bank Charges & Interest	569.59			
Sundry Expenses	973.74			
Advertising	91.00			
Postages	20.00			
Accountancy Fee	900.00			
Secretarial Fee	600.00			
Audit Fee	600.00			
Depreciation on Furniture - 10%	6.65			
	<u>\$124,831.43</u>	<u>\$39,858</u>		<u>\$124,831.43</u>
	=====	=====		=====

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EXHIBITS  
 A.3  
 Audited  
 Accounts for  
 the year  
 ended 31st  
 December  
 1970  
 (cont'd)

EXHIBITS  
 A.3  
 Audited  
 Accounts for  
 the Year  
 ended 31st  
 December  
 1970  
 (cont'd)

Balance b/f	\$45,414.18	\$45,414	Balance carried to Balance Sheet	\$52,494.87
Net Loss b/d	7,080.69			
Preliminary Expenses written off	-			
	\$52,494.87	\$45,414		\$52,494.87
	=====	=====		=====





EXHIBITS

A.3  
Audited  
Accounts for  
the year  
ended 31st  
December  
1971  
(cont'd)

<u>Name of Directors</u>	<u>Commencement</u>	<u>Bought during period</u>	<u>Sold during period</u>	<u>At End</u>
DATUK TSANG TAK CHUEN	604,000	NIL	NIL	604,000
DATUK TAN OON KIAM	166,000	NIL	NIL	166,000
MD. TSANG SIEW WAI	10,000	NIL	NIL	10,000

DIRECTORATE:

In accordance with the Articles of Association  
Md. Tsang Siew Wai retires by rotation and being  
eligible offer herself for re-election.

10

AUDITORS:

Messrs. Tan Choon Chye & Company, Certified  
Public Accountants (Malaysia), retire and they offer  
themselves for re-appointment.

For the Directors,

DATUK TSANG TAK CHUEN  
MANAGING DIRECTOR

Dated: 16th November, 1972.

BALANCE SHEET AS AT 31ST DECEMBER, 1971

1970

1970

<u>SHARE CAPITAL</u>				<u>FIXED ASSETS</u>	
Authorised:-					
5000000	5,000,000 Shares		\$ 824,524	Leasehold Land - at cost	\$ 824,524.00
=====	of \$1/- each	\$5,000,000.00	65,475	Plantation Development	
		=====		- at cost	\$65,475.05
	Issued:-			Additions	24,161.57
830000	830,000 Shares	\$ 830,000.00	60	Furniture -	66.50
	of \$1/- each			at cost	
	fully paid			Less; Aggregate	
				Depreciation	12.63
					53.87
			\$ 890,059		\$ 914,214.49
	<u>PROFIT &amp; LOSS ACCOUNT - Deficit</u>	(41,241.33)			
	(52495) As per statement attached	\$ 788,758.67		<u>CURRENT ASSETS</u>	
	777505		107,252	Trade Debtors	166,813.14
		695,167.11	82,773	Other Debtors	68,748.25
	<u>LONG-TERM LIABILITY</u>		572,914	Director's	
636997	Loan (Secured)		5,019	Account	572,914.00
			248	Deposit	70,000.00
	<u>CURRENT LIABILITIES</u>		368	Prepayment	-
80826	Trade Creditors	25,950.89		Cash at Bank	4.26
112790	Other Creditors	119,935.20			878,479.65
45606	Bank Overdraft	111,057.95			
	(unsecured)				
4909	Accrued Charges	33,824.32			
-	Provision for	18,000.00			
	Taxation	308,768.36			
1658633		\$1,792,694.14	\$1,658,633		\$1,792,694.14
=====		=====	=====		=====

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EXHIBITS  
A.3  
Audited  
Accounts for  
the year  
ended 31st  
December  
1971  
(cont'd)

EXHIBITS

AUDITORS' REPORT TO MEMBERS OF  
MAMOR SENDIRIAN BERHAD

A.3

Audited Accounts for the year ended 31st December 1971  
We have examined the foregoing Balance Sheet and Profit & Loss Account with the books and vouchers of the Company and report as follows:-

(cont'd)  
(1) We have not requested for confirmations on the Creditors, Debtors and Deposits.

Subject to the above remarks, in our opinion:-

(a) the foregoing Balance Sheet and Profit & Loss Account with the notes thereon are properly drawn up in accordance with the provisions of the Companies Act 1965 and so as to give a true and fair view of the state of the Company's affairs at 31st December, 1971 and of the results for the year ended on that date. 10

(b) the accounting and other records (including registers) examined by us are properly kept in accordance with the provisions of the said Act, and

(c) the directors' report, in so far as it is required by the said Act to deal with matters dealt with in the accounting and other records examined by us, gives a true and fair view of such matters. 20

Sgd. Illegible  
TAN CHOON CHYE & COMPANY,  
CERTIFIED PUBLIC ACCOUNTANTS,  
(MALAYSIA)  
AUDITORS.

16th November, 1972 30

NOTES ON THE ACCOUNTS

- 1) The Leasehold Land has not been amortised.
- 2) As at 31-12-71 cheques amounting to \$84,815.30 was issued to pay creditors but was not presented to the Bank.

STATEMENT ON BEHALF OF THE DIRECTORS

In our opinion the profit and loss account is drawn up so as to give a true and fair view of the results of the business of the company for the period from 1st January, 1971 to 31st December, 1971 and the balance sheet is drawn up so as to exhibit a true and fair view of the state of affairs of the company as at 31st December, 1971. 40

\_\_\_\_\_)  
\_\_\_\_\_) DIRECTORS

TAN CHOON CHYE & COMPANY  
Singapore-Kuala-Lumpur-  
Johore Bahru

MAMOR SENDIRIAN BERHAD  
(Incorporated in Malaysia)

SYARIKAT TAN CHOON CHYE

WORKING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st  
DECEMBER, 1971

1970		1970		1970
59,981	Forest Royalty	\$ 193,535.36	\$312,062	Sales of Logs \$1,169,158.56
103,462	Logging Charges	311,829.98	-	Tributes 33,384.65
24,257	Land Rent	26,952.00		
6,711	Sales Agents Commission	30,858.90		
-	Export Duty	162,451.10		
-	Loading Charges	10,885.00		
-	Timber Lorry Charges	266,734.72		
<u>117,651</u>	Gross Profit c/d	<u>199,296.15</u>		
312,062		\$1,202,543.21	\$312,062	\$1,202,543.21
=====		=====	=====	=====
4,816	Salaries & Allowances	3,668.00	\$117,651	Gross Profit b/d \$199,296.15
26	Employees' Provident Fund	143.00	-	Sundry Income 3,000.00
15	Medical Expenses	6.50	7,173	Net Loss for the year
5	Travelling & Transport Charges	4.00		c/f -
1,800	Office Rent	1,800.00		
112,288	Loan Interest	112,699.81		
-	Telephone & Telegram	236.80		
10	Printing & Stationery	274.85		
2,110	Rentals & Service Charges	3,000.00		
569	Bank Charges & Interest	641.26		
974	Sundry Expenses	1,036.81		
91	Advertising	60.00		
20	Postage	42.70		
900	Accountancy Fee	960.00		
600	Secretarial Fee	600.00		
600	Audit Fee	600.00		
-	Directors' Fee	24,000.00		

155.

EXHIBITS  
A.3  
Audited  
Accounts for  
the year  
ended 31st  
December  
1971  
(cont'd)

EXHIBITS  
A.3  
Audited  
Accounts for  
the year  
ended 31st  
December  
1971  
(cont'd)

-	Casual Labour	2,244.00				
-	Insurance	98.78				
-	Entertainment	125.60				
-	Hire of Lorry & Landrover	2,910.00				
-	General Repairs	1,034.00				
-	Filing Fee	30.00				
-	Licence Fee	420.00				
-	Sundry Tools	330.52				
-	Depreciation on Furniture					
	- 10%	5.98				
-	Net Profit for the year c/d	45,323.54				
124,824		\$202,296.15	\$124,824		\$202,296.15	
=====		=====	=====		=====	
-	Balance b/f	\$52,494.87	\$ -	Net Profit for the year b/d	\$45,323.54	
7,173	Net Loss for the year b/f	-	7,173	Balance carried to Balance	41,241.33	
-	Provision for Taxation	18,000.00		Sheet		
-	Valuation Fee written off	16,070.00				
7,173		\$86,564.87	\$7,173		\$86,564.87	
=====		=====	=====		=====	

A.3 - Audited Accounts for the 18  
months ended 30th June, 1973

EXHIBITS

A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973

MAMOR SENDIRIAN BERHAD

(Incorporated in Malaysia)

ACCOUNTS - 30th June 1973

I N D E X

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10 Balance Sheet	4
Profit and Loss Account	5
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Statement by Directors	8
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MAMOR SENDIRIAN BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT for the period from 1st  
January 1972 to 30th June, 1973

20 The directors take pleasure in submitting their report and the audited accounts of the company for the eighteen months ended 30th June 1973.

30 The company has not traded during the period ended 30th June 1973 and has incurred neither profits nor losses. The accumulated loss brought forward from the previous year amounted to \$41,241, from which is transferred to Estate Development Account an amount of \$1,615, representing development expenditure less incidental income relating to prior years, resulting in an accumulated loss to be carried forward to next year of \$39,626.

During the period, the company became the wholly owned subsidiary of Low Nam Hui Company Sdn. Berhad as a result of an arrangement entered into between two of the former directors and the present holding company. Under the terms of the arrangement the former directors, who were then the only beneficial shareholders of the company, sold their entire shareholdings in the company to the present

EXHIBITS

A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

holding company and discharged all the assets and liabilities, with the exception of the leasehold land, of the company at the date of the arrangement and undertake to indemnify the company against all liabilities arising on or prior to the date of the arrangement. The excess of liabilities over assets thus discharged by the former directors amounted to \$155,667 and is represented by the capital reserve as shown in the balance sheet.

In the opinion of the directors, the results of the operations of the company in the period ended 30th June 1973 have not been materially affected by items of an abnormal character.

10

No circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

The company has inadvertently contravened Section 67 of the Companies Act, 1965 by obtaining a loan amounting to \$1,000,000, secured on its leasehold land, for its holding company for the purpose of acquiring shares in the company. The balance unpaid on this loan together with interest at 30th June 1973 amounted to \$781,286 which amount has been fully settled at the date of this report.

20

At 30th June 1973, there was outstanding contingent liability in respect of a claim by the Inland Revenue for taxation in respect of the years of assessment 1971 to 1973 amounting to approximately \$303,000, which liability the company has disputed. In the event that this liability becomes enforceable, it will not materially affect the company in its ability to meet its obligations as and when they fall due by virtue of the arrangement mentioned above.

30

In the accounts of prior years, the deficit or excess of expenditure over incidental income were transferred to profit and loss account. In the accounts for the period ended 30th June 1973, the difference between expenditure and incidental income is transferred to Estate Development Account as, the company being in its development stage, it represents development expenditure or credit incidental to the development of the estate.

40

MAMOR SENDIRIAN BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT - contd.

EXHIBITS

A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

Particulars of directors' shareholdings were as follows:-

	<u>No. of Shares</u>				
	<u>Balance</u> <u>1.1.72</u>	<u>Pur-</u> <u>chases</u>	<u>Sales</u>	<u>Balance</u> <u>30.6.73</u>	
10	Tsang Tak Chuen (Resigned 3.12.72)	654,000	-	654,000	-
	Tan Oon Kiam (Resigned 3.12.72)	166,000	-	166,000	-
	Mdm. Tsang Siew Wai (Resigned 3.12.72) holding in trust for Tsang Tak Chuen	10,000	-	10,000	-
	Low Nam Hui (Appointed 1.12.72)	-	-	-	-
20	Liew Kuek Hin (Appointed 1.12.72)	-	-	-	-
	Low Quek Kiong (Appointed 3.10.73)	-	-	-	-

In accordance with the Articles of Association Messrs. Low Nam Hui, Liew Kuek Hin and Low Quek Kiong retire from the board at the Annual General Meeting and being eligible offer themselves for re-election.

The auditors, Coopers & Lybrand, have intimated their willingness to continue in office.

On behalf of the directors

30

LOW NAM HUI  
Director

Johore Bahru, 26 MAR 1974



EXHIBITS

A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

MAMOR SENDIRIAN BERHAD

(Incorporated in Malaysia)

ACCOUNTS - 30th June 1973

REPORT OF THE AUDITORS TO THE MEMBERS

The Company has contravened Section 67 of the Companies Act, 1965 by obtaining a loan, secured on its leasehold land, to finance the holding company's acquisition of shares in the company.

With the above reservation, in our opinion the balance sheet and profit and loss account set out on pages 4 and 5 together with the notes on the accounts on pages 6 and 7 are properly drawn up in accordance with the provisions of the Companies Act, 1965 and so as to give a true and fair view of the state of affairs and the results of the company. In our opinion the accounting and other records, including registers, examined by us have been properly kept in accordance with the provisions of the Act, and the directors' report gives a true and fair view of such matters, dealt with in the accounting and other records examined by us, as are required by the Act to be stated in the report.

10

20

Certified Public Accountants  
(Malaysia)

Johore Bahru, 26 MAR 1974

MAMOR SENDIRIAN BERHAD  
(Incorporated in Malaysia)  
BALANCE SHEET, 30th June 1973

		<u>Cost</u>	<u>Accumulated Depreciation</u>	
<u>31.12.71</u>		\$	\$	\$
	<b>FIXED ASSETS</b>			
824,524	Leasehold land (Note 1)	824,524	-	824,524
54	Furniture	-	-	-
-	Machinery and equipment	8,401	2,520	5,881
<u>824,578</u>		<u>\$832,925</u>	<u>\$2,520</u>	<u>830,405</u>
		=====		
89,637	ESTATE DEVELOPMENT ACCOUNT (Note 2)			491,536
	<b>CURRENT ASSETS</b>			
305,561	Other debtors and prepayments		7,059	
-	Amount owing by holding company (Note 3)		570,476	
572,914	Amount owing by a director		-	
4	Cash in bank		806	
<u>878,479</u>			<u>578,341</u>	
	Less			
	<b>CURRENT LIABILITIES AND PROVISIONS</b>			
179,711	Other creditors and accrued charges		172,795	
-	Amount owing to a related company		160	
-	Secured loan (Note 4)		781,286	
111,057	Bank overdraft (unsecured)		-	
18,000	Taxation		-	
<u>308,768</u>			<u>954,241</u>	
<u>(569,711)</u>	<b>NET CURRENT LIABILITIES</b>			<u>375,900</u>
<u>\$1,483,926</u>				<u>\$946,041</u>
				=====

A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

EXHIBITS

REPRESENTING :

		<u>Authorised</u> \$	<u>Issued and Fully Paid</u> \$
830,000	SHARE CAPITAL Ordinary shares of \$1 each	\$5,000,000 =====	830,000
<u>-</u>	CAPITAL RESERVE (Note 5)		<u>155,667</u>
830,000	Less		985,667
<u>41,241</u>	ACCUMULATED LOSS		<u>39,626</u>
788,759			946,041
<u>695,167</u>	LONG TERM LIABILITY Secured loan		<u>-</u>
\$1,483,926 =====			\$946,041 =====

The above balance sheet is to be read in conjunction with the  
notes on accounts on pages 6 and 7.

Auditors' Report - Page 3.

MAMOR SENDIRIAN BERHAD  
(Incorporated in Malaysia)

PROFIT AND LOSS ACCOUNT for the eighteen  
months ended 30th June 1973

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EXHIBITS  
A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

	Year ended <u>31.12.71</u>		\$
	\$		
	45,323	Profit for the period (Note 6 and 7)	-
10		Less	
	16,070	Valuation fee written off	<u>-</u>
	<u>29,253</u>		-
	18,000	Malaysian taxation	<u>-</u>
	<u>11,253</u>	Profit after taxation	-
		Add	
		Development expenditure less incidental income relating to prior years written off now transferred to Estate Development Account	1,615
20	<u>-</u>		<u>1,615</u>
	11,253	Net profit for the period	1,615
		Less	
	52,494	Accumulated loss brought forward from the previous year	<u>41,241</u>
	<u>\$41,241</u>		<u>\$39,626</u>
	=====		=====

The above profit and loss account is to be read in conjunction with the notes on accounts on pages 6 and 7.

Auditors' Report - Page 3.

EXHIBITS

A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

MAMOR SENDIRIAN BERHAD  
(Incorporated in Malaysia)

NOTES ON THE ACCOUNTS

30th June 1973

Leasehold Land

1. The company was granted, subject to certain conditions, approximately 7000 acres of land to be developed in stages for the cultivation of oil palm. One of the conditions is that the company must return to the Government 1500 acres of oil palm for distribution to smallholders at the beginning of the 5th year commencing from the first planting date. The company will be reimbursed by instalments for the development cost of the smallholders' land by the Government.

10

Estate Development Account

2. This account represents the cost of developing the oil palm estate after deducting the incidental income received from the sale of timber logs. It includes the cost of developing smallholders' land.

20

Amount Owing by Holding Company

3.	<u>30.6.1973</u>	<u>31.12.1971</u>	
	\$	\$	
Loan made in contravention of Section 67 of the Companies Act, 1965 (Note 4)	781,286	-	
Less			
Amount owing to holding company	<u>210,810</u>	<u>-</u>	30
	\$570,476	-	
	=====	=====	

Secured Loan

4. The loan which is secured on the company's leasehold land was obtained to finance the holding company's acquisition of shares in the company.

Capital Reserve

5. The capital reserve represents the excess of liabilities over assets discharged by the former directors as referred to in paragraph 3 of the directors' report.

40

Profit and Loss Account

6. During the period from 1st January 1972 to

30th June 1973, the company was engaged in the development of an oil palm estate. Expenses charged in the Estate Development Account include:

EXHIBITS  
A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

	18 months ended <u>30.6.1973</u> \$	Year ended 31.12.1971 <hr/> \$
10 (a) Depreciation of fixed assets	2,620	6
(b) Auditors' remuneration	2,500	600
(c) Directors' remuneration	Nil	24,000
(d) Interest on loan	87,933	112,700
(e) Rent of buildings	1,500	4,800

20 7. In the accounts of prior years, the deficit or excess of expenditure over incidental income were transferred to profit and loss account. In the accounts for the period ended 30th June 1973, the difference between expenditure and incidental income is transferred to Estate Development Account as, the Company being in its development stage, it represents development expenditure or credit incidental to the development of the estate.

Contingent Liability

30 8. At 30th June 1973 there was outstanding contingent liability in respect of a claim by the Inland Revenue for taxation in respect of the years of assessment 1971 to 1973 amounting to approximately \$303,000. No loss is anticipated from this liability.

EXHIBITS

A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

MAMOR SENDIRIAN BERHAD  
(Incorporated in Malaysia)  
ACCOUNTS - 30th June 1973

STATEMENT BY DIRECTORS

In the opinion of the directors, the balance sheet and profit and loss account set out on pages 4 and 5 together with the notes on the accounts on pages 6 and 7 are properly drawn up so as to exhibit a true and fair view of the state of affairs of the Company as at 30th June 1973 and so as to give a true and fair view of the results of the business for the period then ended.

10

Signed at Johore Bahru this 26th day of MAR 1974.

On behalf of the Directors

LOW NAM HUI                    )  
  )     Directors  
LIEW KUEK HIN                 )

STATUTORY DECLARATION

I, Liew Kuek Hin, being a director of Mamor Sendirian Berhad do solemnly and sincerely declare that to the best of my knowledge and belief the balance sheet and profit and loss account set out on pages 4 and 5 together with the notes on the accounts on pages 6 and 7 are correct.

20

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  
at Johore Bahru this 26 day of  
MAR 1974.  
Before me,

30

Commissioner for Oaths

LIEW KUEK HIN

MAMOR SENDIRIAN BERHAD  
(Incorporated in Malaysia)

DETAILED STATEMENT OF INCIDENTAL INCOME for the eighteen months  
ended 30th June 1973

Year ended				
<u>31.12.71</u>				
\$		\$	\$	\$
1,202,543	Sales of timber logs		379,557	
<u>3,000</u>	Road tolls received		<u>7,346</u>	
<u>1,205,543</u>				386,903
	Less			
	Expenditure			
	Direct charges			
311,830	Production charges	90,746		
193,535	Forest royalty	49,068		
162,451	Export duty	67,250		
280,530	Transport charges	74,746		
30,859	Sales commission	8,327		
<u>26,952</u>	Quit rent	<u>37,100</u>		
<u>1,006,157</u>			327,237	

167.

EXHIBITS  
A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)



EXHIBITS

A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

Year ended 31.12.71	(cont'd)	\$	\$	\$
	Indirect charges			
24,000	Directors' remuneration	-		
5,912	Salaries and wages	2,539		
143	Employees provident fund	170		
4,800	Office rent	1,500		
275	Printing and stationery	1,110		
279	Postage and telephone	375		
99	Insurance	-		
1,560	Accountancy and secretarial fees	1,690		
600	Audit fee	2,500		
112,700	Loan interest	87,933		
3,685	General expenses	4,519		
4	Travelling expenses	120		
6	Depreciation on furniture	-		
<u>154,063</u>			<u>102,456</u>	
1,160,220				<u>429,693</u>
(\$45,323)	Excess of expenditure over incidental income transferred to Estate Development Account			<u>\$42,790</u>
=====				=====

Note: The excess of incidental income over expenditure for the year ended 31st December 1971 was transferred to profit and loss account.

MAMOR SENDIRIAN BERHAD  
(Incorporated in Malaysia)

EXHIBITS

ESTATE DEVELOPMENT ACCOUNT for the eighteen months  
ended 30th June 1973

A.3  
Audited  
Accounts for  
the 18 months  
ended 30th  
June 1973  
(cont'd)

	<u>Year ended</u> <u>31.12.71</u>	EXPENDITURE	\$	\$
	-	Felling and clearing charges	222,065	
10	-	Wages	11,824	
	-	Nursery cultivation	85,699	
	-	Drainage and irrigation	16,813	
	-	Sundry materials	1,005	
	-	Tools and implements	668	
	-	Upkeep of labour lines	8,304	
	-	Upkeep of machinery	784	
	24,162	Upkeep of roads and bridges	5,279	
	-	Pests control	232	
20	-	Repairs and maintenance	2,201	
	-	Depreciation of machinery and equipment	2,620	
	<u>24,162</u>			357,494
		Add:-		
	-	Excess of expenditure over incidental income for the period	42,790	
30	-	Development expenditure less incidental income of prior years	1,615	
	-			<u>44,405</u>
	<u>24,162</u>			401,899
	65,475	Balance brought forward from previous year		89,637
	<u>\$89,637</u> =====	Balance carried forward		<u>\$491,536</u> =====

IN THE PRIVY COUNCIL

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O N A P P E A L

FROM THE FEDERAL COURT OF MALAYSIA HOLDEN AT  
JOHOR BAHRU  
(APPELLATE JURISDICTION)

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MAMOR SENDIRIAN BERHAD

Appellant  
(Plaintiff)

- and -

THE DIRECTOR GENERAL OF  
INLAND REVENUE

Respondent  
(Defendant)

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RECORD OF PROCEEDINGS

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Waterhouse & Co.,  
4 St. Paul's Churchyard,  
London  
EC4M 8BA.

Stephenson Harwood,  
Saddlers' Hall,  
Gutter Lane,  
London  
EC2V 6BS.

Solicitors for the Appellant

Solicitors for the Respondent