



# annual report



**EKSONS CORPORATION BERHAD**

(205814-V)

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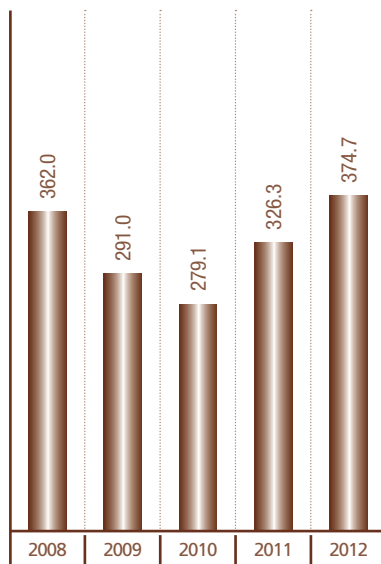
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## Group Financial Summary

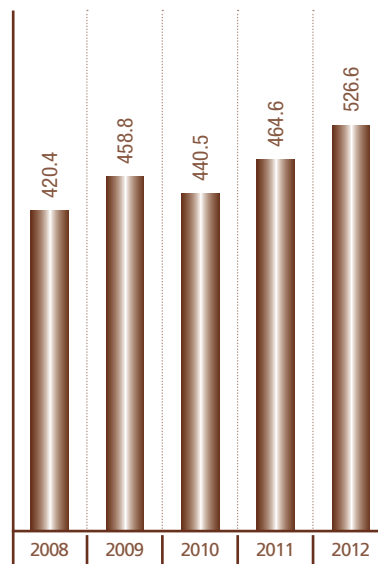
YEAR ENDED 31 MARCH	2012	2011	2010	2009	2008
<b>OPERATING RESULTS (RM'million)</b>					
Revenue	<b>374.7</b>	326.3	279.1	291.0	362.0
EBITDA	<b>57.8</b>	37.4	37.8	32.9	51.7
Profit before tax	<b>45.3</b>	24.0	24.5	20.7	40.0
Profit after tax	<b>45.6</b>	29.5	29.3	25.7	42.1
Net profit attributable to owners of the Company	<b>37.7</b>	25.4	28.1	26.0	42.0
<b>KEY FINANCIAL POSITION DATA (RM'million)</b>					
Total assets	<b>526.6</b>	464.6	440.5	458.8	420.4
Total borrowings	<b>18.9</b>	23.5	39.9	14.9	22.0
Shareholder's equity	<b>388.9</b>	359.4	343.0	318.0	296.3
<b>SHARE INFORMATION</b>					
Per Share ( <i>sen</i> )					
– Earnings ( <i>basic</i> )	<b>22.9</b>	15.5	17.1	15.8	25.6
– Net assets	<b>236.8</b>	218.9	208.9	193.6	180.4
– Gross dividends	<b>5.0</b>	5.5	2.0	3.5	2.5
Share price as at 31 March (RM)	<b>1.08</b>	1.51	1.00	0.54	1.05
<b>FINANCIAL RATIOS</b>					
Return on total assets (%)	<b>8.7</b>	6.4	6.6	5.6	10.0
Return on equity (%)	<b>12.2</b>	8.4	8.9	8.4	14.6
Gearing ratio ( <i>times</i> )	<b>0.05</b>	0.07	0.12	0.05	0.07
Price earning ratio ( <i>times</i> )	<b>4.71</b>	9.74	5.84	3.41	4.11
Interest cover ( <i>times</i> )	<b>62.1</b>	33.8	54.7	23.5	26.1
Gross dividend yield ( <i>at par</i> ) (%)	<b>6.3</b>	6.9	2.5	4.4	3.1

## Group Financial Highlights

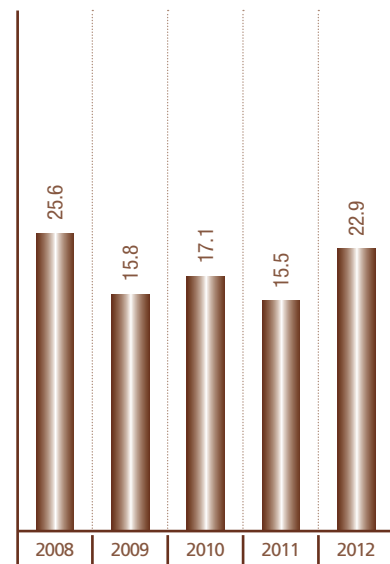
**Revenue**  
(RM'000)



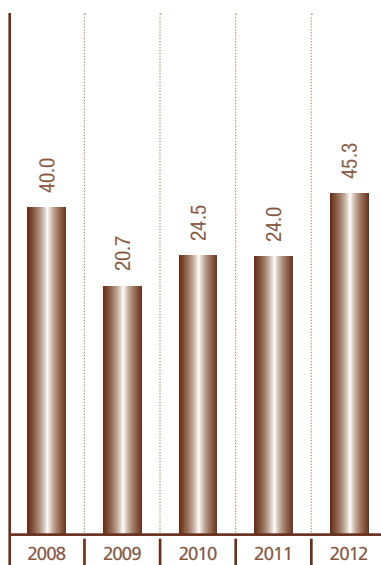
**Total Assets**  
(RM'000)



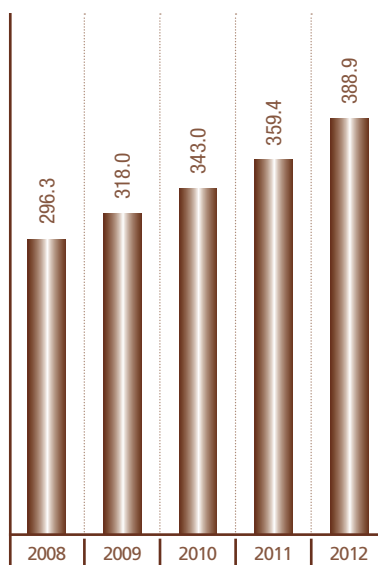
**Basic Earnings Per Share**  
(Sen)



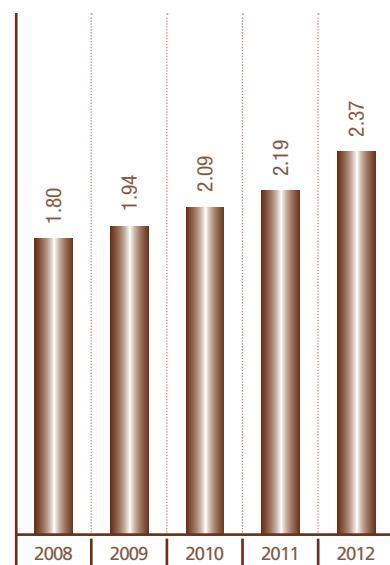
**Profit Before Tax**  
(RM'000)



**Shareholders' Equity**  
(RM'000)



**Net Assets Per Share**  
(RM)



## Corporate Information

### DIRECTORS

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain  
*(Chairman, Non-Executive Director, Non-Independent)*

Mr. Tay Hua Sin  
*(Group Managing Director)*

Mr. Sui Uh Hing  
*(Executive Director)*

Mr. Tang Seng Fatt  
*(Executive Director)*

Dr. Lai Mei Ling  
*(Senior Non-Executive Director, Independent)*

Dato' Philip Chan Hon Keong  
*(Non-Executive Director, Independent)*

### COMPANY SECRETARY

Ms. Emily Yeo Swee Ming  
(LS 0008822)

### REGISTERED OFFICE

TB 4327, Block 31, 2nd Floor  
Fajar Complex, Jalan Haji Karim  
91000 Tawau, Sabah

Tel: 089 - 757 911  
Fax: 089 - 757 008  
Website: [www.eksons.com.my](http://www.eksons.com.my)

### CORPORATE OFFICE

B-15-5 Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

Tel: 03 - 2161 1223  
Fax: 03 - 2161 1213

### PRINCIPAL BANKERS

Malayan Banking Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
AmBank (M) Berhad  
AMMB Investment Services Berhad

### AUDIT COMMITTEE

Dr. Lai Mei Ling *(Chairman)*  
Dato' Philip Chan Hon Keong  
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain

### NOMINATION COMMITTEE

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain *(Chairman)*  
Dr. Lai Mei Ling  
Dato' Philip Chan Hon Keong

### REMUNERATION COMMITTEE

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain *(Chairman)*  
Mr. Tay Hua Sin  
Dr. Lai Mei Ling

### SENIOR INDEPENDENT DIRECTOR

Dr. Lai Mei Ling  
B-15-5, Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

Tel: 03 - 2161 1223  
Fax: 03 - 2161 1213

### AUDITORS

Ernst & Young  
Chartered Accountants  
Room 300-303, 3rd Floor  
Wisma Bukit Mata Kuching  
P.O. Box 64, 93700 Kuching  
Sarawak

Tel: 082 - 243 233  
Fax: 082 - 421 287

### REGISTRARS

Metra Management Sdn. Bhd.  
30.02, 30th Floor  
Menara Multi-Purpose  
Capital Square  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur

Tel: 03 - 2698 3232  
Fax: 03 - 2698 0313

### STOCK EXCHANGE LISTING

The Main Board Of  
Bursa Malaysia Securities Berhad

## Directors' Profile

### **Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain**

*Chairman, Non-Executive Director, Non-Independent*

**Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain**, aged 62, is a Malaysian. He was appointed as a Director of the Company and Chairman of the Board of Directors on 31 May 2007. He is a Non-Independent, Non-Executive Director of the Company. On 25 February 2011, he was appointed as a member and Chairman of the Nomination Committee and Remuneration Committee. He was later appointed as a member of the Audit Committee on 12 August 2011.

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz holds a Bachelor in Economics majoring in Business Administration from the University of Malaya (1973) and a Masters in Business Administration majoring in Finance in 1978 from Syracuse University, New York. He also attended various training programmes during his public service career including the Project Planning and Management Course in INTAN (1973), the Financial Management Course in Banff School of Management, Alberta (1981), the Wolfson Course in Cambridge University, England (1991), the Human Resource and Personnel Management, University of Pittsburgh (1993) and the Management Development Program in Harvard University Business School, Boston (1994). He has served in the Sarawak State Government in various capacities since 1973, the last appointment being that of the Sarawak's State Secretary in August, 2000 until his retirement in December 2006.

He also holds directorships in Borneo Housing Mortgage Finance Berhad, Koperasi Koppes Berhad, and several statutory bodies and private limited companies. He is also the Chairman of the Sarawak Skills Development Centre and the President of the Sarawak Badminton Association.

He does not have any family relationship with any Director or substantial shareholder of the Company except for En. Faizal bin Abdul Aziz. He is the father of En. Faizal bin Abdul Aziz. He has no conflict of interest with the Company and has had no convictions for any offences within the past 10 years. He attended all four (4) Board meetings during the financial year.

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### **Mr. Tay Hua Sin**

*Group Managing Director*

**Mr. Tay Hua Sin**, aged 59, is a Singaporean. He was appointed as a Director on 31 March 2000 and is the Group Managing Director. He is also a member of the Remuneration Committee. He holds an Honours degree in Business Studies from United Kingdom and has more than 20 years experience in the regional timber industry. He is currently a substantial shareholder of the Company. There are no other business transactions with the Group in which he has a personal interest except as disclosed in the financial statements herein. He does not have any family relationship with any Director or substantial shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for any offences within the past 10 years. He attended three (3) Board meetings during the financial year.

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### **Mr. Sui Uh Hing**

*Executive Director*

**Mr. Sui Uh Hing**, aged 56, is a Malaysian. He was appointed as a Director on 27 February 2004 and then promoted to Executive Director on 24 February 2005. He has more than 20 years of operational experience in the timber industry in Sarawak. He also sits on the Board of various other timber related private companies. He joined Rajang Plywood Sawmill Sdn. Bhd. (a subsidiary company of Eksons) as a Director and then Executive Director from 1990 to 1999 whereafter he resigned to concentrate on his other companies but was then re-appointed to the Boards of Rajang Plywood Sawmill Sdn. Bhd. and Rajang Plywood (Sabah) Sdn. Bhd. on 1 January 2004. He does not have any family relationship with any Director or substantial shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for any offences within the past 10 years. He attended all four (4) Board meetings during the financial year.

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## Directors' Profile (contd.)

### **Mr. Tang Seng Fatt**

*Executive Director*

**Mr. Tang Seng Fatt**, aged 45, is a Malaysian. He was appointed as an Executive Director on 23 February 2006. He is a Member of the Malaysian Institute of Certified Public Accountants and also a fellow member of the Association of Chartered Certified Accountants UK. He started his career in accountancy in 1991 when he joined the Audit Department of Ernst & Young, Kuala Lumpur. He joined Lingui Development Berhad in 1994 where he served in corporate finance and financial accounting functions. He was also responsible for similar functions in Lingui Development Berhad's associate company, Glenealy Plantations (Malaya) Berhad. He joined Ngiu Kee Corporation Berhad in 2004 where he headed the finance department as Group Accountant. He left Ngiu Kee Corporation Berhad in October 2005 to join the Company as Senior Manager, Corporate Affairs. He does not have any family relationship with any Director or substantial shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for any offences within the past 10 years. He attended all four (4) Board meetings during the financial year.

### **Dr. Lai Mei Ling**

*Senior Non-Executive Director, Independent*

Dr. Lai Mei Ling, aged 65, is a Malaysian. She was appointed as a Director on 7 April 2000 and as a Senior Independent Director on 28 August 2001. She is also the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee. She holds a Ph.D. in Management Information Systems from the Kennedy-Western University (USA) and is a Fellow Member of the Institute of Chartered Accountants of England and Wales. She is an Associate Member of the Malaysian Institute of Certified Public Accountants and a Member of the Malaysian Institute of Accountants. She was previously the Group General Manager of Selangor Properties Berhad. She has a spectrum of invaluable experiences, starting off her career as a Chartered Accountant at KPMG London, and subsequently at Ernst & Young, Kuala Lumpur. She also served as Chairman of the Investment Committee of BHLB Pacific Trust Management Bhd and was a director of HELP Institute Sdn Bhd, Tien Wah Press Holdings Berhad and Tahan Insurance Berhad. She does not have any family relationship with any Director or substantial shareholder of the Company and has no conflict of interest with the Company. She has had no convictions for any offences within the past 10 years. She attended all four (4) Board meetings during the financial year.

### **Dato' Philip Chan Hon Keong**

*Non-Executive Director, Independent*

Dato' Philip Chan Hon Keong, aged 47 is a Malaysian. He was appointed as a Director of the Company on 31 May 2007 and was then appointed as a member of the Audit Committee on 29 May 2008, and a member of the Nominations Committee on 15 December 2008. He is an Independent Director of the Company. He graduated with a Bachelor of Economics and a Bachelor of Laws from the University of Sydney, Australia. He currently practices as a Partner in Skrine, a firm of advocates and solicitors.

He also holds directorships in Scope Industries Berhad and JF Technology Berhad. He does not have any family relationship with any Director or substantial shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for any offences within the past 10 years. He attended all four (4) Board meetings during the financial year.

# The Audit Committee Report

## MEMBERS

1. **Dr. Lai Mei Ling** (*Chairman*)  
(*Senior Non-Executive Director, Independent*)
2. **Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain**  
(*Non-Executive Director, Non-Independent*)
3. **Dato' Philip Chan Hon Keong**  
(*Non-Executive Director, Independent*)

## TERMS OF REFERENCE

### Function

The Committee is a committee of the Board with the function of assisting the Board in fulfilling its oversight responsibilities. The Committee will review the Group's financial reporting process, the system of internal controls and management of enterprise risk, the audit process and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct, as well as such other matters, which may be specifically delegated to the Committee by the Board.

### Composition

The Audit Committee shall be appointed by the Board of Directors from amongst their number and shall comprise of no fewer than 3 members of whom a majority must be Independent Directors. All members of the Audit Committee should be Non-Executive Directors. No Alternate Director or Executive Director shall be appointed as a member of the Audit Committee. At least one member of the committee shall be a registered member of the Malaysian Institute of Accountants or have at least 3 years working experience and qualified pursuant to Part 1 or Part 11 of the 1st Schedule of the Accountants Act, 1967.

The members of the Audit Committee shall elect a chairman from among their numbers who shall be an Independent Director. In the event of any vacancy in the Audit Committee resulting in non-compliance, the vacancy shall be filled within 3 months. The Board of Directors must review the term and office of the Audit Committee and each of its members at least once every 3 years.

### Responsibilities

- (1) The Audit Committee's responsibilities are to review the following and report the same to the Board of Directors:
  - (a) the audit plan and the audit report with the external auditors;
  - (b) the evaluation of the system of internal controls with the external auditors;
  - (c) the assistance given by the employees of the Company to the external auditors;
  - (d) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (e) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (f) the quarterly results and year end financial statements before the approval by the Board of Directors, focusing particularly on the changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements;
  - (g) any related party transaction and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (h) any letter of resignation from the external auditors of the Company; and
  - (i) whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
- (2) Recommend the nomination of person or persons as external auditors.

## The Audit Committee Report (contd.)

### TERMS OF REFERENCE (contd.)

#### Rights

The Audit Committee shall, in accordance with a procedure to be determined by the Directors and at the cost of the Company:

- (1) have authority to investigate any matter within its terms of reference;
- (2) have the resources which are required to perform its duties;
- (3) have full and unrestricted access to any information relevant to its activities;
- (4) have direct communication channels with the external auditors and persons carrying out the internal audit functions or activity;
- (5) be able to obtain independent professional or other advice; and
- (6) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the executive members of the committee, whenever deemed necessary.

#### Meetings

The Audit Committee shall hold at least 5 meetings per year. A quorum shall consist of a majority of Independent Directors. Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Committee. Other Directors and employees may attend any particular committee meeting only at the Committee's invitation, specific to the relevant meeting. The Committee shall regulate its own procedure of meetings. The Audit Committee ensures that it meets with the External Auditor at least twice a year without the presence of the executive board members.

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee held five (5) meetings during the financial year ended 31 March 2012 and details of attendance of each member at the Committee meetings held during the period are as follows :

<b>Committee Members</b>	<b>Attendance</b>
Dr. Lai Mei Ling	5/5
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain <i>- Appointed as a member of the Audit Committee on 12 August 2011</i>	3/3
Dato' Philip Chan Hon Keong	5/5
En Faizal bin Abdul Aziz <i>- Resigned as a member of the Audit Committee on 12 August 2011</i>	0/2

The following is a summary of the main activities of the Audit Committee for the financial year ended 31 March 2012:

- (a) Reviewed and proposed the reappointment of external and internal auditors for the Company and the Group, the scope of their audit work and fees;
- (b) Reviewed and discussed with the external auditors various significant and pertinent audit matters, their evaluation of the systems of internal controls and the audit reports for the Group;
- (c) Reviewed and proposed the quarterly and annual financial statements to the Board of Directors for approval for announcement to Bursa Malaysia Securities Berhad;
- (d) Reviewed and monitored the scope functions and competency of internal audit functions, considered various internal audit findings and recommendations to improve internal controls and operational efficiencies;

## The Audit Committee Report (contd.)

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (contd.)

- (e) Reviewed the requirements of Bursa Malaysia Securities Berhad on Corporate Governance to make the necessary recommendations to the Board of Directors for compliance thereof;
- (f) Reviewed the Group's Strategic Plan and made recommendations to the Board of Directors;
- (g) Reviewed the Audit Committee Statement, Statement on Internal Control and Corporate Governance Statement and Chairman's Statement for approval by the Board for inclusion in the annual report; and
- (h) Reviewed the Group's Corporate Risk Assessment update and presented it to the Board of Directors;

The Audit Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group. As such, at the conclusion of each Audit Committee meeting, recommendations were made to the Board of Directors for their approval.

### THE INTERNAL AUDIT FUNCTION AND SUMMARY OF ITS ACTIVITIES

The internal audit function of the Group is outsourced to an independent accounting firm and a professional consulting firm. The accounting firm of Crowe Horwath covers the timber division of the Group whilst KPMG Business Advisory Sdn. Bhd. covers the Group's property division. The Group Internal Auditors' scope of work includes the review and evaluation of the adequacy and effectiveness of the internal control system to anticipate any potential risks and recommend improvements, if any. The Internal Auditor also assesses:

- (a) The Group's compliance to its established policies, procedures and guidelines;
- (b) Reliability and integrity of financial and operational information;
- (c) Safeguarding of assets;
- (d) Operational effectiveness and efficiency;
- (e) Recommending improvements to the existing systems of internal control;
- (f) Recommending improvements to operational effectiveness and efficiencies;
- (g) Compliance to the requirements of Bursa Malaysia Securities Berhad on Corporate Governance; and
- (h) The scope and results of the Group's Corporate Risk Assessment.

The internal audit reports are discussed with management and relevant plans of actions are agreed and implemented. Significant internal audit findings are presented to the Audit Committee for consideration and reporting to the Board of Directors.

In addition, the internal auditors also provide the necessary assistance and manpower for any special assignments or investigations, which the Management may request from time to time, with the approval of the Audit Committee.

A follow-up audit review is also conducted to monitor and ensure that all audit recommendations are effectively implemented.

During the year, the internal auditors incurred a cost of approximately RM78,417.

This Audit Committee Report was approved by the Board of Directors.

## Chairman's Statement

*Ladies and Gentlemen,*

*On behalf of the Board of Directors, I am pleased to present the Annual Report of Eksons Corporation Berhad and its subsidiary companies ("Eksons Group") for the financial year ended 31 March 2012.*

*I am glad to report that the Eksons Group achieved stronger results than the previous financial year despite subdued economic environment globally; the Group's main divisions, namely timber and property development performed better. The Group's total shareholders' funds closed at RM416.4 million (2011: RM382.5 million) on the back of a turnover of RM374.7 million for the year (2011: RM326.3 million) and profit after taxation of RM45.6 million (2011: RM29.5 million). Meanwhile the Group's EBITDA for the year is RM57.8 million (2011: RM37.4 million).*

*This is a testimony of the Company's sound business and operating strategies and the tireless efforts by the management in improving production efficiency and securing new markets for our products.*

### OPERATIONS OVERVIEW

#### Timber

Middle East and North Africa remains the Group's biggest markets, taking up more than 70% of the total plywood sales. Other smaller but no less important markets are Taiwan, Korea and North America, which in aggregate accounted for approximately 22% of the year's sales.

Events that take place in these markets and other large plywood markets will have an impact on us. Among them during the year are the Arab Spring and a large earthquake in Japan. The Arab Spring which began in late 2010 caused demand from the Middle East to slowdown temporarily whilst the Japanese earthquake led to a short-lived surge in plywood prices. With our existing set up and strategies, we were resilient enough to weather tough periods and well positioned to benefit from uptrends.

Apart from leveraging on our strength as one of the largest thin tropical hardwood plywood producers in the region, we continue to evolve with the resources that we work with. One of our main emphases is on wood recovery where the bulk of our capital expenditure during the year is towards this end. All of the Group's capital expenditure was funded by internally generated funds.

#### Property development

The Group's development in Seri Kembangan, Selangor is progressing as planned and has contributed significantly to the Group's turnover and profit after taxation for the 2012 financial year. The division's turnover for the year is RM82.7 million (2011: RM48.6 million) and profit after taxation is RM19.8 million (2011: RM10.2 million).

The current phase of shop offices and boulevard shops is expected to be handed over before December 2012 and the latest phase that was launched in October 2011 is expected to be completed in early 2014. It has also submitted plans to the authorities for development of a new phase under The Atmosphere project which will be SOHOs with some retail lots.

Leasing activities to attract businesses into the development have begun with encouraging results and will be stepped up in the coming months prior to the completion of the current phase of shops.

In continuance of the Group's interest in property development the Company's subsidiary, Oval Rock Sdn Bhd, entered into sales and purchase agreements to acquire a total of 60 acres of land in Gombak, Selangor during the year. The purchase is expected to be completed by the end of 2012.

## Chairman's Statement (contd.)

### STRATEGY & PROSPECTS

Economic conditions in Europe and the USA has remained largely lacklustre with no significant turnaround in sight. Political turmoil in the Middle East has created further uncertainties.

However, we feel that the situation in the USA and the Middle East has bottomed out and going ahead there will be improvements. This will augur well for the Group as both regions are important markets for our plywood. Our plywood mills are operating at an optimum level and are well placed to benefit any upturn of the plywood market.

As mentioned above, we are keen to increase the Group's land bank for future development. We foresee no let-up of demand for properties in the right location. For now, there are no plans to venture overseas or far away from the Klang Valley. We are working well together with the Tempo Group as we are able to ride on each other's strengths and we foresee more success together.

Going forward, the property development division will gear up its leasing and mix management activities for The Atmosphere project. Vibrancy events are also in the pipeline to make the project a preferred business location.

### DIVIDENDS

The Board has proposed a final dividend to add on to the interim dividend declare earlier during the year. The proposed final dividend of 2.5 sen per ordinary share under the single-tier system will be tabled for shareholders' approval at the forthcoming Annual General Meeting.

### ACKNOWLEDGMENTS

On behalf of the Board of Directors, I wish to express our deepest appreciation to our shareholders, customers, regulatory bodies, financial institutions, suppliers and other business partners for their assistance and continued support.

I also wish to extend my heartfelt thanks to the management, employees and associates of the Group for their dedication, effort and loyalty that have contributed substantially to the Group's success in both the timber and property divisions.

**TAN SRI DATUK AMAR (DR) HAJI ABDUL AZIZ  
BIN DATO HAJI HUSAIN  
CHAIRMAN**

## Financial and Operational Review

The 2012 Financial year saw the Group coming through another tough and challenging year but yet chalking respectable results. The performances of the Group's timber and property development divisions which are the Group's main divisions are as follows:

### Timber

Total plywood sales for the year are approximately RM290.8 million (2011: RM275.4 million). Contributions from veneer and sawn timber sales are minimal amounting to about RM1.1 (2011: RM2.3 million). Profit after taxation for the division amounted to RM26.5 million (2011: RM19.7 million).

The beginning of the year saw a surge in demand for plywood globally following expectations that there will be a massive reconstruction exercise in Japan in the aftermath of a large earthquake in March 2011. This can be seen in the first quarter's results. However the market slowed down after the expected large intake from Japan did not materialise. In the middle of the financial year, the division's sales to the Middle East slowed down due to fasting month of Ramadan and the following festivities. The political upheavals in the Middle East that occurred around that period also had an impact on demand. Demand rebounded and returned to normal levels in the third and fourth quarters of the financial year.

The main challenges faced during the year were escalating price of logs and production consumables. This has caused a thinning of margins. With this in mind, the division has invested in new equipment to enhance wood recovery and utilise smaller sized logs.

The main markets of the Group for the past several years have remained chiefly the Middle East and North Africa which accounts for about 70% of the total Group sales. Export sales accounted approximately 98% of total sales for the year.

During the year, the pioneer status of the Group's biomass power plant held under Eksons Biomass Sdn Bhd was renewed and extended to July 2017. The plant is the primary source of power and steam of the Group's plywood mill in Tawau, Sabah.

The quarterly results of the timber division for the financial 2012 are as follows:

	Financial Year 2012				
	Quarter 1	Quarter 2	Quarter 3	Quarter4	Total
	RM' mil	RM' mil	RM' mil	RM' mil	RM' mil
Turnover	98.0	29.2	91.4	73.3	291.9
Profit/ (Loss) after tax	15.5	(0.6)	8.9	2.7	26.5

### Property development

The property division contributed significantly to the Group's turnover and profit after taxation for the 2012 financial year. The division's turnover for the year is RM82.7 million (2011: RM48.6 million) and profit after taxation is RM19.8 million (2011: RM10.2 million).

During the year construction work on The Atmosphere progressed smoothly with some slower periods due to inclement weather conditions.

The division launched its latest phase of shop offices in October 2011 which comprised of 54 shop/office stratas. Sales for this phase are encouraging despite anti-speculation steps taken by Bank Negara Malaysia that have blunted property sales throughout the country.

The division has started leasing activities which is focused toward getting premium brand names to operate in the Group's maiden property project. The Company has commenced property management services under its subsidiary, Primary Project Management Sdn Bhd, to ensure that the development is well managed post-handover.

## Financial and Operational Review (contd.)

The division is working towards increasing its land bank for future development. It has during the year entered into sales and purchase agreements to acquire 60 acres of land in Gombak, Selangor during the year. The purchase is expected to be completed by the end of 2012.

The quarterly results of the property development division for the financial 2012 are as follows:

	Financial Year 2012				
	Quarter 1	Quarter 2	Quarter 3	Quarter4	Total
	RM' mil	RM' mil	RM' mil	RM' mil	RM' mil
Turnover	21.0	22.4	14.2	25.1	82.7
Profit after tax	4.5	4.8	2.1	8.4	19.8

## Statement on Corporate Governance

### INTRODUCTION

As the protection and enhancement of shareholder value and the financial performance of the Eksons Group (“the Group”) forms a fundamental part of the responsibility of the Board of Directors, the Board of Directors of Eksons is committed to ensuring that corporate governance is practiced throughout the Group.

The Board of Directors is thus pleased to provide the following statement, which outlines the corporate governance principles and best practices that were applied during the financial year ended 31 March 2012.

During the financial year in question, the Group continued to apply the Principles in Part 1 of the Malaysian Code on Corporate Governance (“the Code”) and has complied with the Best Practices of Corporate Governance set out in Part 2 of the Code.

### THE BOARD OF DIRECTORS

#### Responsibilities

The Board of Directors of Eksons is primarily responsible for determining the strategic direction of the Group, monitoring and overseeing the performance of the Group’s business while taking into account the principal risks involved and the management of these risks through the establishment and implementation of appropriate operating procedures, adequate internal control, management and compliance systems.

The roles and responsibilities of the members of the Board are more specifically spelt out in the Charter of the Board of Directors of Eksons whereby the responsibilities of Executive Directors and Independent Non-Executive Directors are spelt out. In addition, there is also a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority.

#### Composition

The Board of Directors consists of six (6) members comprising three (3) Non-Executive Directors (including the Chairman) and three (3) Executive Directors. Two (2) of the six (6) Directors are Independent Directors. The balanced mix of Directors ensures that no individual or small group of individuals can dominate the Board’s decision making process. In addition, the composition of the Board fairly reflects the interest of major as well as minority shareholders in Eksons.

The Board has also appointed one of its Directors as a Senior Independent Non-Executive Director to whom concerns may be conveyed.

The Directors with their different backgrounds and specializations collectively bring considerable knowledge, judgment and experience to the Board. A brief biography of each Director is presented at pages 5 to 6 of this Annual Report.

#### Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened as and when required. During the financial year ended 31 March 2012, four (4) board meetings were held. Details of the attendance of each Director who were in office during the financial year ended 31 March 2012 are set out below. All Directors in office during the said period have complied with the minimum 50% attendance requirement under the Listing Requirements of Bursa Securities.

## Statement on Corporate Governance (contd.)

### THE BOARD OF DIRECTORS (contd.)

#### Meetings (contd.)

Directors	Attendance	% of attendance (>50%)
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain	4/4	100%
Mr. Tay Hua Sin	3/4	75%
Mr. Sui Uh Hing	4/4	100%
Mr. Tang Seng Fatt	4/4	100%
Dr. Lai Mei Ling	4/4	100%
Dato' Philip Chan Hon Keong	4/4	100%

To facilitate the work of the Board of Directors, the Board has approved a formal schedule of matters reserved specifically for its decision to ensure the overall control of the Group is firmly in its hands.

#### Information

All Directors are supplied with accurate information on a timely basis to enable them to effectively discharge their duties. This includes the provision of a full set of board papers which accompanies the agenda for each of its meetings. Directors are also given access to all information within the Group and may seek the advice and services of the Company Secretary or independent professional advice at the Company's expense, where deemed necessary, in furtherance of their duties.

#### Appointments

The Code endorses, as good practice, a formal procedure for appointments to the Board, with the establishment of a Nomination Committee to make recommendations to the Board. The Company has adopted the Code's recommendations to which a Nomination Committee has been established with the objective of ensuring that the level and make up of the Directors are of the necessary calibre, experience and qualification needed to manage the Company and the Group successfully.

To compliment the work of the Nomination Committee, the Code also recommends the establishment of a Remuneration Committee so that a remuneration framework is put in place for the determination of the remuneration arrangements for the Executive Directors and senior management of the Group. To this effect, the Company has also established a Remuneration Committee.

As an integral element of the process of appointing new Directors, the Company ensures that there is an orientation and education programme for new board members. Directors will also receive further training from time to time on various aspects of their responsibilities as Directors of the Company such as new laws and regulations. All the Directors have attended the Mandatory Accreditation Programme and continuously attend educational training and seminars to keep abreast with new regulatory developments and the business environment. The Directors attended seminars and were given briefings, which assisted them in the discharge of their duties. The seminars attended by the Directors during the financial year are listed on page 16.

## Statement on Corporate Governance (contd.)

### THE BOARD OF DIRECTORS (contd.)

#### Appointments (contd.)

No.	Name of Directors	Seminars Attended
1	TAN SRI DATUK AMAR (DR) HAJI ABDUL AZIZ BIN DATO HAJI HUSAIN	a) <b>KPMG</b> - Changes to the Listing Requirements of Bursa Malaysia with effect from 3 January 2012
2	TAY HUA SIN	a) <b>KPMG</b> - Changes to the Listing Requirements of Bursa Malaysia with effect from 3 January 2012
3	SUI UH HING	a) <b>Malaysian Investor Relations Association (MIRA)</b> - Impact of Amendments to Listing Requirements & Optimising IFRS Convergence
4	TANG SENG FATT	a) <b>KPMG</b> - Malaysia FRS Update and IFRS Convergence Seminar b) <b>Malaysian Investor Relations Association (MIRA)</b> - "Key Amendments to Listing Requirements & Corporate Disclosure Guide 2011" c) <b>KPMG</b> - Changes to the Listing Requirements of Bursa Malaysia with effect from 3 January 2012
5	DR. LAI MEI LING	a) <b>KPMG</b> - Changes to the Listing Requirements of Bursa Malaysia with effect from 3 January 2012
6	DATO' PHILIP CHAN HON KEONG	a) <b>The Banker</b> - Islamic Finance Intelligence Summit 2011 b) <b>International Swaps and Derivatives Association (ISDA)</b> – Fundamentals of OTC Derivatives Clearing c) <b>KPMG</b> - Changes to the Listing Requirements of Bursa Malaysia with effect from 3 January 2012

#### Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain the Directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the skills, experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

Details of the remuneration of the Directors of the Company are set out on pages 57 and 58 of this Annual Report.

#### Board Committees

The Board of Directors has established three (3) committees to assist the Board to discharge its duties and responsibilities. The terms of reference of each committee have been approved by the Board. The following are the committees which have been set up:

- Audit Committee
- Nomination Committee
- Remuneration Committee

These committees are empowered to examine particular issues within their terms of reference and to make such appropriate and necessary recommendations to the Board but to which the ultimate responsibility for final decision on all matters lies with the Board as a whole.

## Statement on Corporate Governance (contd.)

### THE BOARD OF DIRECTORS (contd.)

#### Audit Committee

Members of the Audit Committee are as follows:

1. Dr. Lai Mei Ling *Chairman, Senior Non-Executive Director, Independent*
2. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain *Non-Executive Director, Non-Independent*
3. Dato' Philip Chan Hon Keong *Non-Executive Director, Independent*

The report of the Audit Committee can be found on pages 7 to 9 of this Annual Report.

#### Nomination Committee

Members of the Nomination Committee are as follows:

1. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain *Chairman, Non-Executive Director, Non-Independent*
2. Dr. Lai Mei Ling *Senior Non-Executive Director, Independent*
3. Dato' Philip Chan Hon Keong *Non-Executive Director, Independent*

The Nomination Committee is empowered to recommend to the Board, candidates for the Board and Board Committees. The Board is responsible for making such appropriate and necessary decisions after considering the recommendations of the Committee.

The Nomination Committee will review the effectiveness of the Board and its committees on an annual basis taking into account the size of the Board, the composition of the Board and the required mix of skills and experience and other qualities including core competencies which its members bring to the Board in particular the Non-Executive Directors.

The Nomination Committee has so far met twice during the financial year ended 31 March 2012:

- (a) to look into resignation of En. Faizal Bin Abdul Aziz as a Director and a member of the Audit Committee of the Company;
- (b) to recommend the appointment of Tan Sri Datuk Amar (Dr) Haji Abdul Aziz Bin Dato Haji Husain as a member of the Audit Committee;
- (c) to look into the resignation of Mr. Foo Pei Kee as a Director of the Company; and
- (d) to review the effectiveness of the Board and its committees.

The Nomination Committee made the necessary recommendations for the approval by the Board of Directors.

## Statement on Corporate Governance (contd.)

### THE BOARD OF DIRECTORS (contd.)

#### Remuneration Committee

Members of the Remuneration Committee are as follows:

- |    |  |  |
|----|--|--|
| 1. | Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain | <i>Chairman, Non-Executive Director, Non-Independent</i> |
| 2. | Mr. Tay Hua Sin  | <i>Executive Director</i>                                |
| 3. | Dr. Lai Mei Ling   | <i>Senior Non-Executive Director, Independent</i>        |

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of executive employees of the Group. The Committee proposes, subject to the approval of the Board, the remuneration and terms and conditions of senior management and the remuneration to be paid to each Director for his services as a member of the Board as well as Committees of the Board.

The Remuneration Committee will perform regular review of the competitiveness of the Directors' remuneration structure and policy to keep itself fully informed of the developments and best practices concerning remuneration.

The Remuneration Committee met one (1) time during the financial year ended 31 March 2012 to assess the performance and efficiency of Directors and the remuneration packages of Executive Directors and senior management of the Group.

#### Re-election

In accordance with the Company's Articles of Association, at least one third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. All Directors shall retire from office at least once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. Directors who are appointed during the year are also subject to re-election by shareholders at the next Annual General Meeting following their appointments. A retiring Director is eligible for re-election. The election of each Director is voted on separately.

### SHAREHOLDER COMMUNICATIONS AND INVESTOR RELATIONS

The Board of Directors acknowledges the need for shareholders to be informed of all material business matters affecting the Company. This is achieved through the various announcements made during the year to Bursa Malaysia Securities Berhad, the timely release of financial results on a quarterly basis and the Company's Annual General Meeting.

The Annual General Meeting and Extraordinary General Meeting(s) are the main forum by which the Company provides the opportunity for dialogue between itself, its auditors and the shareholders. Ample time is given for question and answer sessions and for suggestions and comments by shareholders to be noted by management for consideration at the Company's Annual General Meeting and Extraordinary General Meeting(s).

In view of the growing importance to promote and maintain market integrity and investor confidence, and to build good investor relations, the Group has taken the initiative in setting up a framework which is in line with the Corporate Disclosure Policy to ensure proper dissemination and disclosure of information to the investing public. This framework will ensure that the Group provide access to material information in an accurate, clear, timely and complete manner and to avoid selective disclosure. In addition, the Group has in place a website [www.eksons.com.my](http://www.eksons.com.my) which provides information on the Group to the public.

## Statement on Corporate Governance (contd.)

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board of Directors aims to provide and present to its shareholders, a balanced and meaningful assessment of the Group's financial performance and prospects when presenting its financial statements both quarterly and annually.

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied and complied with subject to any explanations and material departures disclosed in the notes to the financial statements. The Board has adopted and consistently applied accepted accounting policies and made reasonable and prudent judgment and estimates.

#### Related Party Transaction

The Audit Committee reviewed related party transactions on a quarterly basis. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolutions in respect of the transaction at the Board meetings. When deemed necessary, independent advisors would be engaged to advise the Audit Committee on related party transaction.

#### Internal Control

The Board of Directors acknowledges its responsibility for the Group's system of internal controls, which is designed to identify and manage the risks facing the business in pursuit of its objectives. The system of internal control covers risk management and financial, organizational and compliance controls to safeguard shareholders' investments and the Group's assets. This system can only provide reasonable but not absolute assurance against misstatement or loss.

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

The Company's Statement on Internal Control can be found on pages 21 and 22 of this Annual Report.

#### Relationship with the Auditors

The Board of Directors has established formal and transparent arrangements for maintaining an appropriate relationship with the Company's Internal and External Auditors through the Audit Committee.

Both the Internal and External auditors have briefed the Audit Committee and discussed any matters pertaining to the Company and Group during the year.

This Statement on Corporate Governance was approved by the Board of Directors.

## Corporate Social Responsibility

Eksons is a business that is aware of our social responsibilities. We care about the environment, communities and the market place we operate in as well as, our employees and shareholders. We strive to develop and maintain policies and practices that promote positive social and environmental impact.

### FOR THE ENVIRONMENT

As a plywood producer, we naturally have a particular responsibility to contribute to the timber industry's combined efforts to limit environmental deterioration. Hence, in our sourcing of logs from sources that, we at Eksons, will ensure that they are from areas approved by the authorities. Strict adherence to this policy in the long run will ensure a long term and uninterrupted supply of logs for our operation.

Eksons has a three megawatt biomass co-generation power plant for our plywood mill in Tawau which uses the mill's waste wood as feedstock to replace diesel powered generators. This significantly reduces effects of methane emission and harmful by products of oil based fuel to the environment.

Recognising the importance of contributing back to the environment, we have incorporated green building elements in the current phase, our development project in Seri Kembangan. We will continue to incorporate green building elements in the future phases to reduce the carbon footprint of our businesses. This will benefit the owners, tenants and patrons as well as future generations.

### FOR THE COMMUNITY

Improving the quality of living in the communities we operate in is still one of Eksons' top social priorities. We find ways to address the community's priorities and concerns and seek to alleviate the community's hardships in any way we can through financial or other contributions.

We also provide support in other ways such as participating in the communities' festivities to foster closer ties and build rapport with the residents of the communities.

### FOR OUR PEOPLE

We recognize we have responsibilities to our employees, the core of our success and growth. Apart from financial rewards, we also provide training programs for our employees to ensure they are equipped with appropriate skills and knowledge to grow and prosper together with the company they work for.

At our plywood mills, we provide housing, food, recreational facilities and healthcare to our people. Clinics as well as recreational facilities such as basketball, volley ball, sepak takraw and badminton are located within the factory site. Recognizing the religious needs of our work force, there is also surau within each of our sites. We have also put in a reverse osmosis water plant in one of our mills as part of our efforts to ensure my mill employees have access to clean treated water.

### FOR THE MARKET PLACE

We take pride that our plywood products meet international standards in formaldehyde emission. This confirms our commitment to move towards greener products which improves the well being of end users.

For our development projects, we take special care to ensure it is family and disabled friendly. We will also ensure that adequate security measures are incorporated in the development's design to ensure the safety of the patrons, business owners and other stakeholders.

# Statement on Internal Control

## INTRODUCTION

The Board of Directors recognizes that it is responsible for the establishment of a sound system of internal control in order to safeguard shareholders' investments and the Group's assets. This includes the review of the adequacy and integrity of the Group's internal control system and management information system which forms part of the Company's effort to provide reasonable assurance of the achievement of its corporate objectives.

The Board acknowledges that part of the system of internal control is the identification, management and control of risk in relation to financial, organizational, operational and compliance aspects of the Group. This is effected through the provision of a control environment and framework that is conducive for it to meet its business objectives.

Due to the inherent limitations of any system of internal control, the Group's system of internal control is designed to manage and control risk rather than to eliminate the risk of failure to achieve its business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatements, fraud or loss.

## RISK ASSESSMENT AND EVALUATION

During the financial year, the Board reviewed and updated the Corporate Risk Assessment (CRA) exercise for the Group to identify the nature and extent of risks faced by the Group. The CRA exercise involved due and careful inquiry by the Board with staff at both management and operational levels, not only to identify significant risks but also to assess how such risks are being identified, evaluated and managed at each level of the Company.

Through the CRA exercise, the Board has identified and evaluated the principal risks affecting the achievement of the Group's business objectives. Current measures to identify and monitor risks were also formally identified. Following from these findings, the Board has taken the necessary steps to implement various control measures to monitor and if required, tighten controls over these risks.

The CRA will be reviewed periodically with the results presented to the Board through the Audit Committee to which the Board will be tasked with the responsibility of monitoring and reviewing the results of identified risks and their impact on the Company.

## CONTROL ENVIRONMENT

During the financial year, the Board of Directors, through its internal auditors carried out a current state assessment of the Group's system of internal control. The assessment involved the evaluation of the adequacy and the integrity of controls currently in place to manage the various risks as identified. The Board has reviewed the key findings and recommendations and where appropriate, adopted the recommendations of the internal auditors.

The work of the internal auditors is governed by the Internal Audit Charter which is recommended by the Audit Committee and approved by the Board. The internal auditors report directly to the Audit Committee who then considers its proposals and reports on the internal audit works conducted. It then makes the necessary recommendations to the Board for approval and implementation.

## Statement on Internal Control (contd.)

### INTERNAL CONTROL SYSTEM

The Board of Directors recognizes the need for continuous improvement to its system of internal control and has taken steps to formalise and enhance the Group's procedures and processes. This include analysis reporting, identification of authorization limits with clear lines of accountability and responsibility, steps to formalise Group policies and guidelines and to enhance management information systems.

Broadly, the Group's internal control system include the following key elements:

- (i) organisational structures with authority limits and responsibilities;
- (ii) defined functions and responsibilities of committees of the Board;
- (iii) documented internal policies and procedures which are the subject of regular review and improvement;
- (iv) review of material contracts and related party transactions, if any;
- (v) regular and comprehensive information provided to the Management, covering both financial and non-financial performance and key business indicators;
- (vi) regular visits to operating units by Board members and senior management; and
- (vii) continuous training and development programmes to ensure and maintain the competency and efficiency of the employees.

As part of a continuing process, the Group will be reviewing and updating the methodologies and documentation of procedures through internal discussions as well as recommendations from Internal and External Auditors where applicable.

### INFORMATION AND COMMUNICATION

Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These include management meetings at individual company level and departmental meetings. The Executive Directors is aware of, and involved in when necessary in resolving any significant issues identified at these meetings. The Group is structured such that the heads of each operating unit have clear reporting lines. The Board has established and formalized clear authorization limits to management's authority for key aspects of the businesses.

To a large extent, the Board adopts a "Hands On" management style in which the Executive Directors are directly involved with the management and operations of the various companies within the Group. Members of the Board have full rights and access to all information pertaining to the Group including independent professional advice to enable it to evaluate the state of internal control of the Group.

### OTHERS

There are no material joint ventures nor are there any associated companies that have not been dealt with as part of the Group. All the associated companies within the Group are dormant.

This Statement on Internal Control was approved by the Board of Directors.

## Statement of Directors' Responsibility

The Listing Requirements of Bursa Malaysia Securities Berhad, paragraph 15.26 (a), requires the Directors to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Companies Act, 1965 requires the Directors to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the financial year end, and of the results and cash flows of the Group and of the Company for that financial year.

The Directors hereby confirm that in preparing the financial statements, the Group and the Company have used and consistently applied the appropriate accounting policies, made reasonable and prudent judgments and estimates, and that all applicable Approved Accounting Standards in Malaysia have been followed.

The Directors also confirm that the Company maintains adequate accounting records and sufficient internal controls to safeguard the assets of the Group and the Company.

This Statement of Directors' Responsibility was approved by the Board of Directors.

## Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2012.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to the subsidiary companies.

The principal activities of the subsidiary companies are set out in Note 16 to the financial statements.

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

### FINANCIAL RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit net of tax	45,592,227	12,734,049
Profit attributable to:		
Owners of the Company	37,685,023	12,734,049
Non-controlling interest	7,907,204	–
	45,592,227	12,734,049

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

### RESERVES AND PROVISIONS

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

### DIVIDEND

The amount of dividends paid by the Company since 31 March 2011 was as follows:

In respect of the financial year ended 31 March 2011 as reported in the Directors' report of that year:

	<b>Company RM</b>
Interim tax exempt (single-tier) dividend of 2.5 sen per ordinary share, on 164,213,000 ordinary shares of 80 sen each declared on 25 February 2011 and paid on 18 April 2011	4,105,325

## Directors' Report (contd.)

### DIVIDEND (contd.)

In respect of the financial year ended 31 March 2011 as reported in the Directors' report of that year (contd.):

	<b>Company RM</b>
Final tax exempt (single-tier) dividend of 2.5 sen per ordinary share, on 164,213,000 ordinary shares of 80 sen each declared on 15 September 2011 and paid on 4 November 2011	4,105,325

In respect of the financial year ended 31 March 2012:

Interim tax exempt (single-tier) dividend of 2.5 sen per ordinary share, on 164,213,000 ordinary shares of 80 sen each declared on 29 February 2012 and paid on 25 May 2012	4,105,325
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At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 March 2012, of 2.5 sen per ordinary share on 164,213,000 ordinary shares of 80 sen each, amounting to a dividend payable of RM4,105,325 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2013.

### DIRECTORS

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

Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain (*Chairman*)  
 Tay Hua Sin (*Group Managing Director*)  
 Sui Uh Hing  
 Tang Seng Fatt  
 Dr. Lai Mei Ling  
 Dato' Philip Chan Hon Keong  
 Faizal bin Abdul Aziz (*resigned on 12 August 2011*)  
 Foo Pei Kee (*resigned on 12 August 2011*)

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 7, Note 8 and Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interests, except as disclosed in Note 32 to the financial statements.

## Directors' Report (contd.)

### DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.80 each			At 31 March 2012
	At 1 April 2011	Acquired	Transfer	
<b>The Company</b>				
<b>Direct interest</b>				
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain	1,039,000	40,400	–	1,079,400
Tay Hua Sin	11,328,021	1,368,700	(2,000,000)	10,696,721
Sui Uh Hing	102,700	–	–	102,700
<b>Indirect interest</b>				
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain	20,264,736	–	–	20,264,736
Tay Hua Sin	65,596,000	–	–	65,596,000
Faizal bin Abdul Aziz	19,264,736	–	–	19,264,736

Tay Hua Sin by virtue of his shares in the Company is also deemed interested in shares of all the Company's subsidiary companies to the extent that the Company has an interest.

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

### OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## Directors' Report (contd.)

### OTHER STATUTORY INFORMATION (contd.)

- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT EVENT

In addition to the significant events disclosed elsewhere in the report, other significant event is disclosed in Note 36 to the financial statements.

### AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 July 2012.

**Tan Sri Datuk Amar (Dr) Haji Abdul Aziz  
bin Dato Haji Husain**

**Tay Hua Sin**

## Statement by Directors

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

We, **Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain** and **Tay Hua Sin**, being two of the Directors of **Eksons Corporation Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 31 to 87 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2012 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 July 2012.

**Tan Sri Datuk Amar (Dr) Haji Abdul Aziz  
bin Dato Haji Husain**

**Tay Hua Sin**

## Statutory Declaration

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

I, **Tang Seng Fatt**, being the Director primarily responsible for the financial management of **Eksons Corporation Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 87 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed **Tang Seng Fatt** at Kuala Lumpur  
in the Federal Territory  
on 26 July 2012

**Tang Seng Fatt**

Before me,  
**Datin Hajah Raihela Wanchik** (No. W-275)  
Commissioner for Oaths

## Independent Auditors' Report

to the members of Eksons Corporation Berhad  
(Incorporated in Malaysia)

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **Eksons Corporation Berhad**, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 87.

#### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2012 and of their financial performance and cash flows for the year then ended.

## Independent Auditors' Report

to the members of Eksons Corporation Berhad (contd.)  
(Incorporated in Malaysia)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

### OTHER MATTERS

The supplementary information set out in Note 38 on page 88 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

Kuching, Malaysia  
Date: 26 July 2012

**YONG CHUNG SING**  
1052/09/12(J)  
Chartered Accountant

## Statements of Comprehensive Income

for the financial year ended 31 March 2012

	Note	2012 RM	Group 2011 RM	2012 RM	Company 2011 RM
<b>Revenue</b>	4	374,656,377	326,289,936	13,190,250	9,543,750
Cost of sales	5	(278,534,133)	(251,820,018)	–	–
<b>Gross profit</b>		96,122,244	74,469,918	13,190,250	9,543,750
<b>Other items of income</b>					
Interest income		1,736,374	830,445	58,824	12,321
Other income	6	1,775,730	2,579,199	190,194	1,307,264
<b>Other items of expenses</b>					
Administrative expenses		(11,370,165)	(9,642,569)	(538,341)	(579,405)
Marketing and distribution		(40,771,162)	(42,036,495)	–	–
Other expenses		(2,185,337)	(2,195,491)	(172,878)	(1,352,578)
<b>Profit before tax</b>	7	45,307,684	24,005,007	12,728,049	8,931,352
Income tax expense	10	284,543	5,516,396	6,000	12,000
<b>Profit for the year</b>		45,592,227	29,521,403	12,734,049	8,943,352
<b>Other comprehensive income:</b>					
Foreign currency translation		(10,214)	(18,502)	–	–
<b>Total comprehensive income for the year</b>		45,582,013	29,502,901	12,734,049	8,943,352
<b>Profit attributable to:</b>					
Owners of the company		37,685,023	25,448,062	12,734,049	8,943,352
Non-controlling interest		7,907,204	4,073,341	–	–
		45,592,227	29,521,403	12,734,049	8,943,352
<b>Total comprehensive income attributable to:</b>					
Owners of the company		37,674,809	25,429,560	12,734,049	8,943,352
Non-controlling interest		7,907,204	4,073,341	–	–
		45,582,013	29,502,901	12,734,049	8,943,352
<b>Earnings per share for profit attributable to owners of the Company during the year (expressed in sen)</b>					
- basic	11(a)	23	15		
- diluted	11(b)	23	15		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Financial Position

As at 31 March 2012

	Note	2012 RM	Group 2011 RM	2012 RM	Company 2011 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	139,320,023	148,870,428	93,267	148,334
Prepaid land lease payments	14	9,129,464	9,285,454	–	–
Land held for property development	15(a)	18,555,527	18,223,305	–	–
Investment in subsidiary companies	16	–	–	122,111,416	119,064,977
Deferred tax assets	18	18,303,790	14,719,000	–	–
Investment in associate companies	19	2	2	2	2
Intangible assets	20	26,763,106	26,763,106	–	–
		212,071,912	217,861,295	122,204,685	119,213,313
<b>Current assets</b>					
Property development costs	15(b)	45,036,980	37,653,079	–	–
Inventories	21	100,684,624	104,155,935	–	–
Trade and other receivables	22	31,430,239	24,411,274	14,582	151,572
Other current assets	23	4,753,321	1,589,350	2,016	1,018
Current tax asset		448,478	2,548,451	85,271	82,331
Deposits with licensed banks	24	91,815,542	50,189,418	811,325	189,418
Cash and bank balances	24	40,373,029	25,962,004	2,647,062	1,652,990
		314,542,213	246,509,511	3,560,256	2,077,329
Non current asset classified as held for sale	25	–	220,000	–	–
		314,542,213	246,729,511	3,560,256	2,077,329
<b>TOTAL ASSETS</b>		<b>526,614,125</b>	<b>464,590,806</b>	<b>125,764,941</b>	<b>121,290,642</b>

## Statements of Financial Position

As at 31 March 2012 (contd.)

	Note	2012 RM	Group 2011 RM	2012 RM	Company 2011 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Short term borrowings	26	18,919,304	23,498,090	–	–
Trade and other payables	27	42,608,786	32,800,065	4,392,220	4,435,320
Other current liabilities	28	36,673,269	13,905,248	–	–
Current tax payable		230,000	–	–	–
		98,431,359	70,203,403	4,392,220	4,435,320
<b>Net current assets/ (current liabilities)</b>		216,110,854	176,526,108	(831,964)	(2,357,991)
<b>Non-current liabilities</b>					
Deferred tax liabilities	18	11,730,959	11,875,959	21,000	27,000
		11,730,959	11,875,959	21,000	27,000
<b>TOTAL LIABILITIES</b>		110,162,318	82,079,362	4,413,220	4,462,320
<b>Net assets</b>		416,451,807	382,511,444	121,351,721	116,828,322
<b>Equity attributable to owners of the Company</b>					
Share capital	29	131,370,400	131,370,400	131,370,400	131,370,400
Capital reserves	30	855,577	865,791	–	–
Revenue reserve/ (accumulated losses)		256,650,125	227,175,752	(10,018,679)	(14,542,078)
		388,876,102	359,411,943	121,351,721	116,828,322
Non-controlling interest		27,575,705	23,099,501	–	–
<b>Total equity</b>		416,451,807	382,511,444	121,351,721	116,828,322
<b>TOTAL EQUITY AND LIABILITIES</b>		526,614,125	464,590,806	125,764,941	121,290,642

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Changes in Equity

for the financial year ended 31 March 2012

	← Attributable to owners of the Company →				Equity attributable to the owners of the Company RM	Non-controlling interest RM	Total RM
	Share capital RM	Reserve arising on consolidation RM	Exchange fluctuation reserve RM	Revenue reserve RM			
<b>Group</b>							
<b>Opening balance at 1 April 2010</b>	131,370,400	718,081	166,212	210,759,405	343,014,098	20,026,160	363,040,258
Total comprehensive income	-	-	(18,502)	25,448,062	25,429,560	4,073,341	29,502,901
<b>Transactions with owners</b>							
Dividends on ordinary shares (Note 12)	-	-	-	(9,031,715)	(9,031,715)	-	(9,031,715)
Dividends on preference shares	-	-	-	-	-	(1,000,000)	(1,000,000)
Total transactions with owners	-	-	-	(9,031,715)	(9,031,715)	(1,000,000)	(10,031,715)
<b>Closing balance at 31 March 2011</b>	131,370,400	718,081	147,710	227,175,752	359,411,943	23,099,501	382,511,444
<b>Opening balance at 1 April 2011</b>	131,370,400	718,081	147,710	227,175,752	359,411,943	23,099,501	382,511,444
Total comprehensive income	-	-	(10,214)	37,685,023	37,674,809	7,907,204	45,582,013
<b>Transactions with owners</b>							
Dividends on ordinary shares (Note 12)	-	-	-	(8,210,650)	(8,210,650)	-	(8,210,650)
Dividends on preference shares	-	-	-	-	-	(3,431,000)	(3,431,000)
Total transactions with owners	-	-	-	(8,210,650)	(8,210,650)	(3,431,000)	(11,641,650)
<b>At 31 March 2012</b>	131,370,400	718,081	137,496	256,650,125	388,876,102	27,575,705	416,451,807

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Changes in Equity

for the financial year ended 31 March 2012 (contd.)

	Note	← Attributable to owners of the Company →		Equity attributable to owners of the Company RM
		Non- Distributable Share Capital RM	Distributable Accumulated losses RM	
<b>Company</b>				
<b>Opening balance at 1 April 2010</b>		131,370,400	(14,453,715)	116,916,685
Total comprehensive income		–	8,943,352	8,943,352
<b>Transaction with owners</b>				
Dividends on ordinary shares	12	–	(9,031,715)	(9,031,715)
Total transaction with owners		–	(9,031,715)	(9,031,715)
<b>Closing balance at 31 March 2011 and opening balance at 1 April 2011</b>				
		131,370,400	(14,542,078)	116,828,322
Total comprehensive income		–	12,734,049	12,734,049
Transaction with owners	12	–	(8,210,650)	(8,210,650)
Total transaction with owners		–	(8,210,650)	(8,210,650)
Closing balance at 31 March 2012		131,370,400	(10,018,679)	121,351,72

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Cash Flows

for the financial year ended 31 March 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
<b>Operating activities</b>					
Profit before tax		45,307,684	24,005,007	12,728,049	8,931,352
<u>Adjustment for:</u>					
Impairment loss on other receivables		138,772	–	136,340	–
Impairment loss on financial assets:					
- advance to subsidiary companies		–	–	32,622	41,625
- advance to associated companies		3,916	3,689	3,916	3,689
Reversal on allowance for impairment of other receivables		–	(1,307,264)	–	(1,307,264)
Reversal on allowance for impairment of advance to a subsidiary company		–	–	(190,194)	–
Amortisation of prepaid land lease payments		155,990	155,989	–	–
Proceeds from court case involved		–	(220,000)	–	–
Bad debts written off		–	1,307,264	–	1,307,264
Depreciation of property, plant and equipment		13,335,737	13,385,086	57,082	56,040
Interest expenses included in cost of sales		712,758	706,614	–	–
Dividend income		–	–	(13,190,250)	(9,543,750)
Interest income		(1,736,374)	(830,445)	(58,824)	(12,321)
Unrealised gain on foreign exchange		(97,260)	(781)	–	–
Loss/(gain) on disposal of non current asset held for sale		20,000	(741,117)	–	–
Loss on disposal of property, plant and equipment		36,654	129,496	–	–
Property, plant and equipment written off		1,294,374	3,501	–	–
Total adjustments		13,864,567	12,592,032	(13,209,308)	(9,454,717)
Operating cash flows before changes in working capital		59,172,251	36,597,039	(481,259)	(523,365)
<u>Changes in working capital</u>					
(Increase)/decrease in property development cost		(7,716,123)	5,825,136	–	–
Decrease/(increase) in inventories		3,471,311	(17,869,916)	–	–
(Increase)/decrease in trade and other receivables		(7,064,393)	11,180,799	650	(204)
(Increase)/decrease in other current assets		(3,163,971)	349,588	(998)	654
Increase/(decrease) in trade and other payables		9,798,507	(1,954,308)	(43,101)	4,173,126
Increase in other current liabilities		22,768,021	13,905,248	–	–
Total changes in working capital		18,093,352	11,436,547	(43,449)	4,173,576
Cash flows from operations carried forward		77,265,603	48,033,586	(524,708)	3,650,211

## Statements of Cash Flows

for the financial year ended 31 March 2012 (contd.)

	Note	2012 RM	Group 2011 RM	2012 RM	Company 2011 RM
Cash flows from operations brought forward		77,265,603	48,033,586	(524,708)	3,650,211
Interest paid included in cost of sales		(712,758)	(706,614)	–	–
Tax paid, net of refund		(1,115,274)	(130,814)	(2,940)	(7,064)
<b>Net cash flows from/(used in) operating activities</b>		<b>75,437,571</b>	<b>47,196,158</b>	<b>(527,648)</b>	<b>3,643,147</b>
<b>Investing activities</b>					
Dividend received		–	–	13,190,250	9,543,750
Interest income		1,736,374	830,445	58,824	12,321
Proceeds from disposal of non current asset held for sale		200,000	2,741,117	–	–
Proceeds from disposal of property, plant and equipment		313,670	119,050	–	–
Purchase of property, plant and equipment	13	(5,430,030)	(2,193,821)	(2,015)	(11,831)
<b>Net cash flows (used in)/ from investing activities</b>		<b>(3,179,986)</b>	<b>1,496,791</b>	<b>13,247,059</b>	<b>9,544,240</b>
<b>Financing activities</b>					
Proceeds from short term borrowings, net of repayment		(3,282,943)	(391,306)	–	–
Decrease in fixed deposits pledged to a bank		1,834,000	–	–	–
Advance to subsidiary companies		–	–	(2,892,782)	(2,598,605)
Dividend paid to non-controlling interest		(3,431,000)	(1,000,000)	–	–
Dividend paid		(8,210,650)	(9,031,715)	(8,210,650)	(9,031,715)
<b>Net cash flows used in financing activities</b>		<b>(13,090,593)</b>	<b>(10,423,021)</b>	<b>(11,103,432)</b>	<b>(11,630,320)</b>
<b>Net increase in cash and cash equivalents</b>		<b>59,166,992</b>	<b>38,269,928</b>	<b>1,615,979</b>	<b>1,557,067</b>
<b>Cash and cash equivalents at 1 April</b>		<b>73,021,579</b>	<b>34,751,651</b>	<b>1,842,408</b>	<b>285,341</b>
<b>Cash and cash equivalents at 31 March</b>	24	<b>132,188,571</b>	<b>73,021,579</b>	<b>3,458,387</b>	<b>1,842,408</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Notes to the Financial Statements

31 March 2012

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at TB 4327, Block 31, 2nd Floor, Fajar Complex, Jalan Haji Karim, 91000 Tawau, Sabah.

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 July 2012.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRSs" or "FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 April 2011 as described fully in Note 2.2.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial period except as follows:

On 1 April 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 April 2011.

- FRS 1: First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2: Share-based Payment
- FRS 3: Business Combinations
- Amendments to FRS 5: Non-current Assets held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- IC Interpretation 18: Transfers of Assets from Customers
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 1: Limited Exemptions for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- IC Interpretation 4: Determining Whether an Arrangement Contains a Lease
- Amendments to FRS "Improvements to FRS (2010)"
- Amendments to FRS 2: Group Cash-settled Share-Shared Payment Transactions
- TR i-4: Shariah Compliant Sale Contracts

# Notes to the Financial Statements

31 March 2012 (contd.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

### 2.2 Changes in accounting policies (contd.)

Adoption of the above FRS and IC Interpretations did not have any effect on the financial performance or position of the Group or of the Company except for those discussed below:

#### Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The adoption of the two revised standards affects the way in which the Group accounts for business combinations and the preparation of its consolidated financial statements. Under the revised FRS 3, all acquisition-related costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred. All considerations transferred, including contingent considerations, are measured at fair value as at the acquisition date. Any equity interests held prior to the date control is obtained is remeasured at fair value, with the resulting gains or losses recognised in the statement of comprehensive income. There is now an option on a case to case basis to measure non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the net identifiable assets of the assets acquired.

Goodwill arising from the business combination is measured as the difference between the aggregate fair value of consideration transferred, any non-controlling interests in the acquiree and the fair value at acquisition date of any previously-held equity interest in the acquiree, and the fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities) at acquisition date.

The revised FRS 127 requires that changes in ownership interest which do not result in a loss of control be accounted for as equity transactions, instead of in the statement of comprehensive income. Where changes in ownership interest results in loss of control, any remaining interest in the entity is remeasured at fair value and any resulting gains or losses is recognised in the statement of comprehensive income. Total comprehensive income will be proportionately allocated to non-controlling interests, even if it results in the non-controlling interests being in a deficit position.

#### Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 33. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 34(b).

### 2.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.3 Malaysian Financial Reporting Standards (contd.)

On 4 July 2012, MASB has decided to allow the Transitioning Entities to defer the adoption of the MFRS Framework for another year. MFRS Framework will therefore be mandated for all companies for annual period beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustment required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial position for the year ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2015.

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

# Notes to the Financial Statements

31 March 2012 (contd.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

### 2.5 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

### 2.6 Foreign currency

#### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

#### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

#### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Buildings of the Group have not been revalued since they were first revalued in 1998. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provision of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1998 valuation less accumulated depreciation.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	:	2% - 5%
Plant and machinery	:	5% - 20%
Motor vehicles	:	20%
Furniture, fittings and office equipment	:	10% - 33 1/3 %
Other assets	:	4% - 33 1/3%

Capital work-in-progress is not depreciated until the asset is held ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.8 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

Transfer are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

#### 2.9 Intangible assets

##### *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

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

## Notes to the Financial Statements

31 March 2012 (contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.10 Prepaid land lease payments

Prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payments are amortised over their lease terms.

#### 2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### 2.12 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

#### 2.13 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

# Notes to the Financial Statements

31 March 2012 (contd.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

### 2.13 Associates (contd.)

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

### 2.14 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories only include available-for-sale financial assets, loans and receivables which comprise trade and other receivables, deposits with licensed bank and cash and bank balances.

#### (a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.14 Financial assets (contd.)

##### (b) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in the preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

#### 2.15 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

# Notes to the Financial Statements

31 March 2012 (contd.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

### 2.15 Impairment of financial assets (contd.)

#### (a) Trade and other receivables and other financial assets carried at amortised cost (contd.)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### 2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash on hand.

### 2.17 Land held for property development and property development costs

#### (i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.17 Land held for property development and property development costs (contd.)

##### (ii) *Property development costs*

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

#### 2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost and specific identification basis. Costs include direct materials, direct labour and fixed and variable overheads. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials : purchase costs on weighted average cost method.
- Finished goods and work-in-progress : costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

#### 2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# Notes to the Financial Statements

31 March 2012 (contd.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

### 2.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities only.

#### (a) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables and short term borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Short term borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

### 2.22 Employee benefits

#### *Defined contribution plans*

The Group participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.23 Leases

##### (a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis

##### (b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(iii).

#### 2.24 Non-Cumulative Redeemable Preference Shares (“NCRPS”) of Vibrant Hub Sdn Bhd. (“Vibrant Hub”)

The NCRPS of Vibrant Hub are recorded at the amount of proceeds received, net of transaction costs. The NCRPS are classified as equity in the statement of financial position and the preferential dividends are recognised in equity in the period in which they are declared and paid.

#### 2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

##### (i) Sale of properties

Revenue from sale of properties is recognised when it can be established that the risks and rewards of ownership have transferred to the purchasers with no further substantial contractual acts.

##### (ii) Sale of goods

Revenue from sale of goods is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of consideration due, associated costs or the possible return of goods.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.25 Revenue (contd.)

(iii) *Rental income*

Rental income is recognised on a straight-line basis over the lease term.

(iv) *Interest income*

Interest is recognised on an accrual basis using the effective interest method.

(v) *Dividend income*

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

#### 2.26 Income taxes

(a) **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transactions, affects neither the accounting profit nor taxable profit or loss; and

## Notes to the Financial Statements

31 March 2012 (contd.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

#### 2.26 Income taxes (contd.)

##### (b) Deferred tax (contd.)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### 2.28 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

# Notes to the Financial Statements

31 March 2012 (contd.)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 Key sources of estimation uncertainty

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

#### (a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 March 2012 was RM26,763,106 (2011: RM26,763,106).

#### (b) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the reporting date is disclosed in Note 13. A 5% difference in the expected useful lives of the plant and machinery from management's estimates would result in approximately 1% (2011: 2%) variance in the Group's profit for the year.

#### (c) Impairment of loan and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 22.

#### (d) Property development

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

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

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 15. A 10% difference in the estimated total property development revenue or costs would result in approximately 9% (2011: 2%) variance in the Group's revenue and 13% (2011: 1%) variance in the Group's cost of sales.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (contd.)

#### 3.1 Key sources of estimation uncertainty (contd.)

##### (e) Income taxation

Judgement is required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (f) Deferred taxation

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

### 4. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Revenue is analysed as follows:				
External customers	374,656,377	326,289,936	–	–
Subsidiary companies	–	–	13,190,250	9,543,750
	374,656,377	326,289,936	13,190,250	9,543,750
Represented by:				
Sale of goods	291,893,057	277,656,119	–	–
Sale of development property	82,715,320	48,584,057	–	–
Rental income	48,000	49,760	–	–
Dividend received	–	–	13,190,250	9,543,750
	374,656,377	326,289,936	13,190,250	9,543,750

## Notes to the Financial Statements

31 March 2012 (contd.)

### 5. COST OF SALES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cost of inventories sold	223,834,990	219,166,111	–	–
Property development cost (Note 15(b))	54,699,143	32,653,907	–	–
	278,534,133	251,820,018	–	–

### 6. OTHER INCOME

Gain on disposal of non current asset classified as held for sale	–	741,117	–	–
Gain on disposal of property plant and equipment	–	16,517	–	–
Proceeds from court case resolved	–	220,000	–	–
Rental income	96,000	96,000	–	–
Unrealised foreign exchange gain	97,260	781	–	–
Realised foreign exchange gain	63,162	934	–	–
Reversal on allowance for impairment of other receivables	–	1,307,264	–	1,307,264
Reversal on allowance for impairment of advance to a subsidiary company	–	–	190,194	–
Forfeiture income	1,064,934	–	–	–
Miscellaneous income	454,374	196,586	–	–
	1,775,730	2,579,199	190,194	1,307,264

## Notes to the Financial Statements

31 March 2012 (contd.)

### 7. PROFIT BEFORE TAX

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
The following items have been included in arriving at profit before tax:				
Amortisation of prepaid land lease payments	155,990	155,989	–	–
Auditors' remuneration:				
- statutory audit	115,327	111,126	22,000	20,000
- other services	45,750	56,000	12,000	12,000
Bad debts written off	–	1,307,264	–	1,307,264
Depreciation of property, plant and equipment (Note 13)	13,335,737	13,385,086	57,082	56,040
Employee benefits expense (Note 8)	25,743,450	24,650,090	–	–
Hire of plant and machinery	98,812	107,319	–	–
Impairment loss on other receivables	138,772	–	136,340	–
Impairment loss on financial assets:				
- advance to subsidiary companies	–	–	32,622	41,625
- advance to associated companies	3,916	3,689	3,916	3,689
Interest expenses included in cost of sales	712,758	706,614	–	–
Loss on disposal of non current asset classified as held for sale	20,000	–	–	–
Loss on disposal of property, plant and equipment	36,654	146,013	–	–
Non-executive directors' remuneration (Note 9)	398,783	341,488	211,800	255,600
Property, plant and equipment written off	1,294,374	3,501	–	–
Realised foreign exchange loss:				
- included in cost of sales	1,610,225	1,537,023	–	–
- included in other expenses	14,995	–	–	–
Rental of premises	115,113	102,405	41,301	28,593
Unrealised foreign exchange loss included in other expenses	67,396	29,817	–	–

### 8. EMPLOYEE BENEFIT EXPENSE

Salaries and wages	23,414,608	22,079,902	–	–
Employees Provident Fund contributions	724,149	670,075	–	–
Social Security Organisation contributions	57,556	54,411	–	–
Other benefits	1,547,137	1,845,702	–	–
	25,743,450	24,650,090	–	–

Included in staff costs of the Group are executive directors' remuneration amounting to RM1,950,854 (2011: RM2,009,471) as further disclosed in Note 9.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 9. DIRECTORS REMUNERATION

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Directors of the Company</b>				
<b>Executive Directors</b>				
Salaries and other emoluments	1,163,072	1,098,450	–	–
Employee Provident Fund and SOCSO	78,532	77,992	–	–
Bonuses	95,250	225,750	–	–
	1,336,854	1,402,192	–	–
<b>Directors of the Company</b>				
<b>Non-Executive Directors</b>				
Fees	318,000	280,000	162,000	204,000
Employee Provident Fund and SOCSO	20,983	9,888	–	–
Allowances	59,800	51,600	49,800	51,600
	398,783	341,488	211,800	255,600
<b>Directors of subsidiary companies</b>				
<b>Executive Directors</b>				
Salaries	504,000	450,000	–	–
Employee Provident Fund and SOCSO	68,000	67,279	–	–
Bonuses	42,000	90,000	–	–
	614,000	607,279	–	–
<b>Total</b>	<b>2,349,637</b>	<b>2,350,959</b>	<b>211,800</b>	<b>255,600</b>
Analysis:				
Total executive directors' remuneration (Note 8)	1,950,854	2,009,471	–	–
Total non-executive directors' remuneration (Note 7)	398,783	341,488	211,800	255,600
	2,349,637	2,350,959	211,800	255,600

## Notes to the Financial Statements

31 March 2012 (contd.)

### 9. DIRECTORS REMUNERATION (contd.)

The number of directors of the Company whose total remuneration during the financial year within the following bands is analysed as follows:

Bands of remuneration	Number of Directors			
	2012		2011	
	Executive	Non-Executive	Executive	Non-Executive
RM650,001 - RM700,000	–	–	1	–
RM600,001 - RM650,000	1	–	–	–
RM450,001 - RM500,000	–	–	1	–
RM400,001 - RM450,000	1	–	–	–
RM250,001 - RM300,000	1	–	1	–
RM200,001 - RM250,000	–	1	–	–
RM100,001 - RM150,000	–	–	–	1
RM50,001 - RM100,000	–	2	–	2
RM1 - RM50,000	–	2	–	2

### 10. INCOME TAX EXPENSE

#### Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2012 and 2011 are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Statements of comprehensive income:</b>				
Current income tax:				
Malaysian income tax	3,436,050	195,400	–	–
Under provision in respect of previous years	9,197	204	–	–
	<b>3,445,247</b>	<b>195,604</b>	<b>–</b>	<b>–</b>
Deferred tax (Note 18):				
Origination and reversal of temporary differences	(3,202,920)	(5,142,000)	(6,000)	(12,000)
Over provision in prior years	(526,870)	(570,000)	–	–
	<b>(3,729,790)</b>	<b>(5,712,000)</b>	<b>(6,000)</b>	<b>(12,000)</b>
Income tax expense recognised in profit or loss	<b>(284,543)</b>	<b>(5,516,396)</b>	<b>(6,000)</b>	<b>(12,000)</b>

The Company's subsidiary company, Eksons Biomass Energy Sdn. Bhd. ("Eksons Biomass Energy") has been granted Pioneer Status under the Promotion of Investments Act, 1986 with the tax exemption of 100% of the statutory income for a period of 5 years to generate power and steam using biomass.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 10. INCOME TAX EXPENSE (contd.)

On 18 June 2008, Eksons Biomass Energy received its pioneer status certificate from the Ministry of International Trade and Industries. The pioneer period approved is from 1 August 2007 to 31 July 2012 (5 years) and 100% of the statutory income of the business is exempted from income tax during the pioneer period. On 6 April 2012, the pioneer period has been extended for another 5 years from 1 August 2012 to 31 July 2017.

#### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2012 and 2011 are as follows:

Group	2012 RM	2011 RM
Profit before tax	45,307,684	24,005,007
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	11,326,921	6,001,252
Adjustments:		
Non-deductible expenses	320,220	365,816
Income not subject to tax	(1,700,000)	(2,800,360)
Effect of different tax rates in other country	(14,318)	(38,877)
Expenses allowed for double deductions	(9,714,605)	(6,536,008)
Deferred tax assets not recognised	488	2,033
Utilisation of previously unrecognised unabsorbed capital allowances	7,168	(111,892)
Benefits from previously unrecognised tax losses	–	(1,828,564)
Over provision of deferred tax in respect of previous years	(519,614)	(570,000)
Under provision of income tax in respect of previous years	9,197	204
Income tax expense recognised in profit or loss	(284,543)	(5,516,396)
Tax savings recognised during the financial year arising from:		
- utilisation of current year tax losses	6,000	1,924,892
Unutilised tax losses carried forwards	92,806,503	85,781,200
Unutilised capital allowances carried forward	51,213,000	47,825,000
Unutilised infrastructure allowances carried forward	323,000	323,000
Unutilised investment tax allowances carried forward	47,000,000	47,000,000
Unutilised reinvestment allowances carried forward	14,465,000	14,465,000

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 10. INCOME TAX EXPENSE (contd.)

<b>Company</b>	<b>2012 RM</b>	<b>2011 RM</b>
Profit before tax	12,728,049	8,931,352
Tax at Malaysian statutory rate of 25% (2011: 25%)	3,182,012	2,232,838
Adjustments:		
Non-deductible expenses	124,257	144,180
Income not subject to tax	(3,312,269)	(2,389,018)
Income tax expense recognised in profit or loss	(6,000)	(12,000)

### 11. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	<b>2012</b>	<b>Group 2011</b>
Profit net of tax attributable to owners of the Company (RM)	37,685,023	25,448,062
Weighted average number of ordinary shares in issue	164,213,000	164,213,000
Basic earnings per share (sen)	23	15

#### (b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 12. DIVIDENDS

	Group and Company			
	Dividends in respect of year		Dividends Recognised in Year	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Recognised during the year:</b>				
Interim tax exempt dividend for 2011:				
2.5 sen per ordinary share under single-tier system, on 164,213,000 ordinary shares of 80 sen each (2.5 sen net per ordinary share)	–	4,105,325	–	4,105,325
Final tax exempt dividend for 2011:				
2.5 sen per ordinary share under single-tier system, on 164,213,000 ordinary shares of 80 sen each (2.5 sen net per ordinary share)	–	–	4,105,325	–
Interim tax exempt dividend for 2012:				
2.5 sen per ordinary share under single-tier system, on 164,213,000 ordinary shares of 80 sen each (2.5 sen net per ordinary share)	4,105,325	–	4,105,325	–
<b>Proposed for approval at AGM (not recognised as at 31 March):</b>				
Final dividend for 2010:				
3 sen per ordinary share under single-tier system, on 164,213,000 ordinary shares of 80 sen each (3 sen net per ordinary share)	–	–	–	4,926,390
Final dividend for 2011:				
2.5 sen per ordinary share under single-tier system, on 164,213,000 ordinary shares of 80 sen each (2.5 sen net per ordinary share)	–	4,105,325	–	–
<b>Proposed for approval at AGM (not recognised as at 31 March):</b>				
Final dividend for 2012:				
2.5 sen per ordinary share under single-tier system, on 164,213,000 ordinary shares of 80 sen each (2.5 sen net per ordinary share)	4,105,325	–	–	–
	8,210,650	8,210,650	8,210,650	9,031,715

## Notes to the Financial Statements

31 March 2012 (contd.)

### 13. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Other assets RM	Capital work-in- progress RM	Total RM
<b>Cost and valuation</b>							
At 1 April 2011	66,343,818	216,986,718	2,585,440	5,839,391	7,706,213	358,469	299,820,049
Transfer	165,180	1,047,797	–	–	–	(1,212,977)	–
Additions	–	4,220,183	8,590	150,261	–	1,050,996	5,430,030
Disposals	–	(194,924)	(87,760)	(65,779)	–	(67,892)	(416,355)
Write offs	–	(2,431,555)	–	(9,303)	–	–	(2,440,858)
Adjustment	–	–	–	1,839	–	–	1,839
Exchange differences	–	–	–	2,194	2,648	–	4,842
At 31 March 2012	66,508,998	219,628,219	2,506,270	5,918,603	7,708,861	128,596	302,399,547
<b>Accumulated depreciation</b>							
At 1 April 2011	23,567,193	116,310,685	1,591,203	4,053,402	5,427,138	–	150,949,621
Charge for the year (Note 7)	2,245,939	9,986,760	296,192	423,984	382,862	–	13,335,737
Disposals	–	(42,770)	(18,293)	(4,968)	–	–	(66,031)
Write offs	–	(1,137,547)	–	(8,937)	–	–	(1,146,484)
Adjustment	–	–	–	1,839	–	–	1,839
Exchange differences	–	–	–	2,194	2,648	–	4,842
At 31 March 2012	25,813,132	125,117,128	1,869,102	4,467,514	5,812,648	–	163,079,524
<b>Net book value</b>							
At 31 March 2012	40,695,866	94,511,091	637,168	1,451,089	1,896,213	128,596	139,320,023
<b>Cost and valuation</b>							
At 1 April 2010	65,965,181	216,362,857	2,100,796	5,675,289	7,707,262	230,082	298,041,467
Transfer	251,826	104,639	–	36,882	–	(393,347)	–
Additions	126,811	913,272	484,644	147,360	–	521,734	2,193,821
Disposals	–	(394,050)	–	(7,000)	–	–	(401,050)
Write offs	–	–	–	(12,277)	–	–	(12,277)
Exchange differences	–	–	–	(863)	(1,049)	–	(1,912)
At 31 March 2011	66,343,818	216,986,718	2,585,440	5,839,391	7,706,213	358,469	299,820,049
<b>Accumulated depreciation</b>							
At 1 April 2010	21,357,947	106,446,003	1,282,900	3,627,751	5,013,125	–	137,727,726
Charge for the year (Note 7)	2,209,246	10,010,477	308,303	441,998	415,062	–	13,385,086
Disposals	–	(145,795)	–	(6,708)	–	–	(152,503)
Write offs	–	–	–	(8,776)	–	–	(8,776)
Exchange differences	–	–	–	(863)	(1,049)	–	(1,912)
At 31 March 2011	23,567,193	116,310,685	1,591,203	4,053,402	5,427,138	–	150,949,621
<b>Net book value</b>							
At 31 March 2011	42,776,625	100,676,033	994,237	1,785,989	2,279,075	358,469	148,870,428

## Notes to the Financial Statements

31 March 2012 (contd.)

### 13. PROPERTY, PLANT AND EQUIPMENT (contd.)

Group	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Other assets RM	Capital work-in- progress RM	Total RM
<b>2012</b>							
At cost	50,968,742	219,628,219	2,506,270	5,918,603	7,708,861	128,596	286,859,291
At valuation in 1998	15,540,256	–	–	–	–	–	15,540,256
	66,508,998	219,628,219	2,506,270	5,918,603	7,708,861	128,596	302,399,547
<b>2011</b>							
At cost	50,803,562	216,986,718	2,585,440	5,839,391	7,706,213	358,469	284,279,793
At valuation in 1998	15,540,256	–	–	–	–	–	15,540,256
	66,343,818	216,986,718	2,585,440	5,839,391	7,706,213	358,469	299,820,049

(a) Other assets of the Group comprise electrical installation, wharf, signboard, renovation, water pond and cooling trench.

(b) The valuation for buildings for one of the Group's subsidiary company, Rajang Plywood Sawmill Sdn Bhd of RM34,600,000 in 1998 was adopted by the directors based on professional appraisals by an independent valuer using open market values on an existing use basis.

For the period ended 31 March 2000, the directors adopted a downward adjustment of RM3,070,527 to the above valuation as required by the Securities Commission in relation to the acquisition of the entire interest in the subsidiary company by the holding company.

As allowed by the transitional provisions of MASB Approved Accounting Standard IAS 16 (Revised), Property, plant and equipment, these assets have continued to be stated on the basis of their 1998 valuation after adjusting for RM3,070,527 as disclosed above.

(c) A debenture of RM25,000,000 (2011: RM25,000,000) was created over the assets of a subsidiary company for banking facilities granted.

(d) Analysis of cost of buildings:

	Group	
	2012 RM	2011 RM
Buildings	61,141,615	60,976,435
Roads	5,367,383	5,367,383
	66,508,998	66,343,818

## Notes to the Financial Statements

31 March 2012 (contd.)

### 13. PROPERTY, PLANT AND EQUIPMENT (contd.)

	Company	
	2012 RM	2011 RM
<b>Furniture, fittings and office equipment</b>		
<b>Cost</b>		
At 1 April	860,612	848,781
Additions	2,015	11,831
At 31 March	862,627	860,612
<b>Accumulated depreciation</b>		
At 1 April	712,278	656,238
Charge for the year (Note 7)	57,082	56,040
At 31 March	769,360	712,278
<b>Net book value</b>		
At 31 March	93,267	148,334

### 14. PREPAID LAND LEASE PAYMENTS

	Group	
	2012 RM	2011 RM
<b>Cost:</b>		
At 1 April/At 31 March	12,058,662	12,058,662
<b>Accumulated amortisation:</b>		
At 1 April	2,773,208	2,617,219
Amortisation for the year	155,990	155,989
At 31 March	2,929,198	2,773,208
<b>Net carrying amount</b>	9,129,464	9,285,454
Amount to be amortised:		
-Not later than one year	155,989	155,989
-Later than one year but not later than five years	623,956	623,956
-Later than five year	8,349,519	8,505,509

As at 31 March 2012, the prepaid land lease payments of one of the Group's subsidiary companies, Rajang Plywood Sawmill Sdn. Bhd., have been stated at their carrying amounts as the basis of their previous revaluation as allowed by certain transitional provisions announced by the MASB Approved Accounting Standard IAS 16 (Revised), Property, Plant and Equipment.

The Group has prepaid land leases over state-owned land in Malaysia. The prepaid land leases of the Group have a remaining tenure of 50 to 94 years (2011: 51 to 95 years).

## Notes to the Financial Statements

31 March 2012 (contd.)

### 15. LAND HELD FOR PROPERTY DEVELOPMENT AND DEVELOPMENT COSTS

#### (a) Land held for property development

	2012 RM	Group 2011 RM
<b>Leasehold land</b>		
<b>Cost</b>		
At 1 April	18,223,305	17,677,795
Additions	332,222	545,510
At 31 March	18,555,527	18,223,305
<b>Accumulated impairment losses</b>		
At 1 April and 31 March	–	–
<b>Carrying amount</b>		
At 31 March	18,555,527	18,223,305

#### (b) Property development costs

Group	Leasehold land RM	Development costs RM	Total RM
<b>At 31 March 2012</b>			
<b>Cumulative property development costs:</b>			
At 1 April 2011	53,599,750	36,442,129	90,041,879
Cost incurred during the year	225,823	61,857,221	62,083,044
At 31 March 2012	53,825,573	98,299,350	152,124,923
<b>Cumulative cost recognised in profit or loss:</b>			
At 1 April 2011	(39,626,759)	(12,762,041)	(52,388,800)
Recognised during the year (Note 5)	(2,440,584)	(52,258,559)	(54,699,143)
At 31 March 2012	(42,067,343)	(65,020,600)	(107,087,943)
<b>Property development costs</b>			
At 31 March 2012	11,758,230	33,278,750	45,036,980
<b>At 31 March 2011</b>			
<b>Cumulative property development costs:</b>			
At 1 April 2010	53,283,012	10,475,606	63,758,618
Cost incurred during the year	316,738	25,966,523	26,283,261
At 31 March 2011	53,599,750	36,442,129	90,041,879
<b>Cumulative cost recognised in profit or loss:</b>			
At 1 April 2010	(19,247,142)	(487,751)	(19,734,893)
Recognised during the year (Note 5)	(20,379,617)	(12,274,290)	(32,653,907)
At 31 March 2011	(39,626,759)	(12,762,041)	(52,388,800)
<b>Property development costs</b>			
At 31 March 2011	13,972,991	23,680,088	37,653,079

Included in the property development costs incurred during the year of the Group is interest expenses amounting to RM3,818 (2011: RM870,475).

## Notes to the Financial Statements

31 March 2012 (contd.)

### 15. LAND HELD FOR PROPERTY DEVELOPMENT AND DEVELOPMENT COSTS (contd.)

#### (b) Property development costs (contd.)

The above leasehold land is registered in the name of a subsidiary company, Russella Teguh Sdn. Bhd. ("Russella Teguh"), a company incorporated in Malaysia who is the registered landowner. Pursuant to a joint venture agreement ("JV Agreement") dated 13 April 2006 between Russella Teguh and The Atmosphere, Russella Teguh has agreed to grant an irrevocable power of attorney to The Atmosphere for the sole and exclusive rights to plan, develop, finance and construct on a portion of land, measuring approximately 51 acres forming part of the 64.51 acres of vacant leasehold land owned by Russella Teguh held under HS(D) 118696, PT No. 45265, Mukim and Daerah of Petaling, State of Selangor ("Project Land") at the sole cost and expense of The Atmosphere.

The JV Agreement also allows The Atmosphere to take possession of the Project Land within seven days from the date of the JV Agreement and to charge the Project Land to secure financing. In consideration of the granting of planning, development, finance and construction rights to The Atmosphere, Russella Teguh shall be entitled to a sum of RM1 million payable upon signing of agreement and either 72 completed units of 3-storey shops with gross build up area of not less than 4,300 square feet with lot size of not less than 22' x 70' each, to be valued at a minimum value of RM61.2 million or 27.5% of the total gross development value less direct marketing cost, whichever is higher.

Part of the project land known as Zone 2 and Zone 3, measuring approximately 20.35 and 14.65 acres in area respectively, are held under H.S. (D) 251945 for Lot 78698 and H.S. (D) 251946 for Lot PT78699 respectively. The project land known as Zone 3 (2011: Zone 2 and Zone 3) are charged to a financial institution to secure the short term borrowings as disclosed in Note 26.

### 16. SUBSIDIARY COMPANIES

	Company	
	2012 RM	2011 RM
Investment in subsidiary companies		
Unquoted shares, at cost		
- Ordinary shares	96,698,659	93,652,220
- NCRPS	28,907,754	28,907,754
	125,606,413	122,559,974
Less : Accumulated impairment losses	(3,494,997)	(3,494,997)
	122,111,416	119,064,977

In respect of the NCRPS, the salient terms and conditions are disclosed in Note 17.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 16. SUBSIDIARY COMPANIES (contd.)

Details of subsidiary companies as at 31 March 2012 are as follows:

Name of subsidiary companies	Country of incorporation	Principal Activities	Proportion (%) of Ownership Interest	
			2012	2011
<b>Held by the Company</b>				
Rajang Plywood Sawmill Sdn. Bhd.	Malaysia	Manufacture and trading of sawn timber, veneer and plywood	100% <sup>1</sup>	100%
Rajang Plywood (Sabah) Sdn. Bhd.	Malaysia	Manufacture and trading of sawn timber, veneer and plywood	100%	100%
Eksons Biomass Energy Sdn. Bhd.	Malaysia	Generation and provision of electricity and steam	100%	100%
Chongai Properties Sdn. Bhd.	Malaysia	Rental of properties	100%	100%
Vibrant Hub Sdn. Bhd.	Malaysia	Investment holding	60%	60%
Uomo Donna (Malaysia) Sdn. Bhd.	Malaysia	Trading in fashionwear (ceased operation)	100%	100%
Chongai Apparel Sdn. Bhd.	Malaysia	Manufacture of garments (ceased operation)	100%	100%
Knit-Whizz Corporation Sdn. Bhd.	Malaysia	Manufacture of knitwear (ceased operation)	100%	100%
Liaboc Konseps (M) Sdn. Bhd.	Malaysia	Trading in fashionwear (ceased operation)	100%	100%
Scala Singapore Pte. Ltd. *	Singapore	Inactive	100%	100%
<b>Held through subsidiary Company</b>				
<b>Wholly-owned subsidiary company of Vibrant Hub Sdn. Bhd.</b>				
The Atmosphere Sdn. Bhd.	Malaysia	Property development	60%	60%
Primary Project Management Sdn. Bhd.	Malaysia	Property magement	60%	—
Oval Rock Sdn. Bhd.	Malaysia	Property development and Investment holding	60%	—

## Notes to the Financial Statements

31 March 2012 (contd.)

### 16. SUBSIDIARY COMPANIES (contd.)

Name of subsidiary companies	Country of incorporation	Principal Activities	Proportion (%) of Ownership Interest	
			2012	2011
<b>Held through subsidiary Company</b>				
<b>Wholly-owned subsidiary company of Liaboc Konseps (M) Sdn. Bhd.</b>				
Liaboc Concepts Pte. Ltd. *	Singapore	Inactive	100%	100%
<b>Wholly-owned subsidiary company of The Atmosphere Sdn. Bhd.</b>				
Russella Teguh Sdn. Bhd.	Malaysia	Property development	60%	60%

All companies are audited by Ernst & Young, Malaysia except for those marked (\*) which are audited by other firms.

#### (a) Acquisition of subsidiary companies

##### Oval Rock Sdn Bhd and Primary Project Management Sdn Bhd

On 16 June 2011, the Group acquired 100% equity interest in Oval Rock Sdn. Bhd. ("ORSB") for a total cash consideration of RM2. Upon the acquisition, ORSB became a subsidiary company of the Group.

On 16 August 2011, the Group acquired 100% equity interest in Primary Project Management Sdn. Bhd. ("PPM") for a total cash consideration of RM2. Upon the acquisition, PPM became a subsidiary company of the Group.

The fair values of the identifiable assets and liabilities of ORSB and PPM as at the date of acquisition approximated their carrying amount.

The effect of the acquisition on cash flows is as follows:

	RM
Total cost of the business combination settled in cash	4
Less: Cash and cash equivalents of subsidiaries acquired	(4)
<b>Net cash outflow on acquisition</b>	<b>—</b>

## Notes to the Financial Statements

31 March 2012 (contd.)

### 17. INVESTMENT IN NCRPS OF VIBRANT HUB SDN. BHD. (“VIBRANT HUB”)

The salient features of the NCRPS acquired by the Company are as follows:

- (a) The holders of the NCRPS shall be entitled to a non-cumulative preferential dividend at a rate to be determined by the Directors of Vibrant Hub from the net profit after tax of Vibrant Hub for the year and in the event of a loss is incurred for a particular year or years, then the holder of such NCRPS shall not be entitled to receive any dividend. The net profit after tax of Vibrant Hub is based on current year and not on accumulated loss or profit. The payment of preferential dividend shall rank in priority to any payment of dividend on any other shares or classes of shares. The payment and amount of such dividend shall be non-cumulative and payable at such time, place and in such manner as the Directors may determine.
- (b) If there is a surplus of profits of Vibrant Hub in respect of any year after paying the non-cumulative preferential dividend as aforesaid to the close of that year and such dividends as may be declared for such year on the ordinary shares of Vibrant Hub, the holders of the NCRPS shall not be entitled to share in the surplus.
- (c) In the event of a winding up or on a reduction of capital involving a return of capital of Vibrant Hub, the holders of the NCRPS shall rank in priority to all the other shares or classes of shares in Vibrant Hub for the payment of capital on the NCRPS and any preferential dividend declared yet remain unpaid and thereafter the holders of the NCRPS shall not be entitled to any further or other participation in the profit or assets of Vibrant Hub.
- (d) Vibrant Hub may create and issue further preference shares ranking in all respects *pari passu* with, but not in priority to the NCRPS.
- (e) Holders of the NCRPS shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements and attending general meetings of Vibrant Hub PROVIDED always that holders of the NCRPS shall not have the right to vote or to move or second any resolution at any general meeting of Vibrant Hub except on each of the following circumstances:-
  - (i) when the dividend or part of the dividend on the share is in arrears for more than six months
  - (ii) on a proposal to reduce the Vibrant Hub's share capital;
  - (iii) on a proposal for the disposal of the whole of the Vibrant Hub's property, business and undertaking;
  - (iv) on a proposal that directly or indirectly varies or affects rights, privileges or conditions attached to the NCRPS Shares, or the exercise of any of those rights, privileges or conditions;
  - (v) on a proposal to wind up Vibrant Hub; and
  - (vi) during the winding up of Vibrant HubIn any such case a holder shall have one (1) vote for each NCRPS held.
- (f) The NCRPS shall be redeemed in the following manner and terms:-
  - (i) Vibrant Hub may at any time from the date of issue of the NCRPS, apply any profits or moneys which may be lawfully applied or out of the proceeds of a fresh issue of shares made for the purpose of the redemption of NCRPS at par. For this purpose, Vibrant Hub shall give not less than seven (7) days notice in writing to the holders of NCRPS of its intention to redeem such shares.
  - (ii) In the event of Vibrant Hub determining to redeem a part only of the NCRPS, the same shall be redeemed in proportion to the shareholdings held by the existing holders of the NCRPS.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 17. INVESTMENT IN NCRPS OF VIBRANT HUB SDN. BHD. (“VIBRANT HUB”) (contd.)

- (f) The NCRPS shall be redeemed in the following manner and terms (contd.):-
- (iii) Each such holder shall be bound to surrender to Vibrant Hub the certificate for his NCRPS to be redeemed and Vibrant Hub shall pay him the amount payable in respect of such redemption and where such certificate comprises any NCRPS which have not been drawn for redemption, Vibrant Hub shall issue to the holder thereof a fresh certificate thereof.
- (g) No alteration to this Regulation 4A of the articles of association of Vibrant Hub shall be made without the prior consent of at least three-fourths (3/4th) of the holders of such NCRPS present at the general meetings.
- (h) In the event of a class meeting of holders of NCRPS, the quorum shall be two (2) holders of that class of share and the chairman of such meeting shall be elected by the holders as aforesaid and otherwise the provisions of the Articles relating to proceedings at general meetings shall apply mutatis mutandis.

### 18. DEFERRED TAX ASSETS/(LIABILITIES)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	As at 1 April 2010 RM	Recognised in income statement RM	At 31 March and 1 April 2011 RM	Recognised in income statement RM	At 31 March 2012 RM
<b>Group</b>					
<b>Deferred tax liabilities</b>					
Property, plant and equipment	(36,903,959)	1,379,000	(35,524,959)	1,445,850	(34,079,109)
<b>Deferred tax assets:</b>					
Capital item expensed off	10,000	(2,000)	8,000	(1,000)	7,000
Payables	8,000	7,000	15,000	(2,000)	13,000
Property, plant and equipment	447,000	26,000	473,000	(266,060)	206,940
Receivables	216,000	(216,000)	-	-	-
Unutilised tax losses and unabsorbed capital allowances	18,149,000	4,255,000	22,404,000	2,533,000	24,937,000
Investment allowance	15,205,000	263,000	15,468,000	20,000	15,488,000
	34,035,000	4,333,000	38,368,000	2,283,940	40,651,940
	(2,868,959)	5,712,000	2,843,041	3,729,790	6,572,831
<b>Company</b>					
<b>Deferred tax liabilities:</b>					
Property, plant and equipment	(39,000)	12,000	(27,000)	6,000	(21,000)

## Notes to the Financial Statements

31 March 2012 (contd.)

### 18. DEFERRED TAX ASSETS/(LIABILITIES) (contd.)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	(11,730,959)	(11,875,959)	–	–
Deferred tax assets	18,303,790	14,719,000	(21,000)	(27,000)
	6,572,831	2,843,041	(21,000)	(27,000)

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

Unutilised tax losses	40,341,070	40,339,000	–	–
Unabsorbed capital allowances	3,650,000	3,864,000	–	–
	43,991,070	44,203,000	–	–

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

### 19. INVESTMENT IN ASSOCIATED COMPANIES

	Group and Company	
	2012 RM	2011 RM
Unquoted shares, at cost	40,000	40,000
Less: Accumulated impairment losses	(39,998)	(39,998)
	2	2
Share of post-acquisition reserve	–	–
	2	2

The Directors have equity accounted for the losses of the associated companies to reflect the Directors' opinion of their carrying value.

Details of associated companies as at 31 March 2012 are as follows:

Name of associated companies	Country of incorporation	Principal Activities	Proportion (%) of Ownership Interest and Proportion of Voting Power	
			2012	2011
<b>Held by the Company</b>				
Uomo Donna (Sabah) Sdn. Bhd.	Malaysia	Trading in fashionwear (ceased operations)	50%	50%
Uomo Donna (Sarawak) Sdn. Bhd.	Malaysia	Trading in fashionwear (ceased operations)	50%	50%

## Notes to the Financial Statements

31 March 2012 (contd.)

### 20. INTANGIBLE ASSETS

	2012 RM	Group 2011 RM
<b>Goodwill</b>		
<b>Cost</b>		
At 1 April/At 31 March	26,824,257	26,824,257
<b>Accumulated impairment</b>		
At 1 April/31 March	61,151	61,151
<b>Net carrying amount</b>		
At 31 March	26,763,106	26,763,106

#### (a) Impairment loss recognised on goodwill

Management has carried out a review of the recoverable amount of its goodwill during the current financial year. No impairment loss was required as at 31 March 2012, as the recoverable amounts were in excess of the carrying amounts of the goodwill.

#### (b) Impairment tests for goodwill

##### Allocation of goodwill

Goodwill had been allocated to the Group's CGUs identified according to the cash generating units in the respective business segment as follows:

At 31 March 2012 and 2011	RM
Manufacturing division	6,270,108
Property holding and investment holding division	6,970
Property development division	20,486,028
	26,763,106

The recoverable amount of goodwill are determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a two to three years period. The following are the key assumptions on which management has based its cash flow projections to undertake the impairment testing of goodwill:

#### (i) Budgeted gross margin

The basis used to determine the values assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

#### (ii) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 21. INVENTORIES

	2012 RM	Group 2011 RM
<b>Property</b>		
Unsold properties	1,887,980	1,887,980
Less: Accumulated impairment losses	(1,587,979)	(1,587,979)
	300,001	300,001
<b>Manufacturing and trading</b>		
Trading and finished goods	84,750,563	85,931,885
Work-in-progress	1,229,482	1,928,490
Raw materials	3,775,741	4,555,941
Consumable stores	10,628,837	11,263,027
Stock in transit	–	3,692
Grocery goods	–	145,265
Food catering	–	27,634
	100,384,623	103,855,934
	100,684,624	104,155,935
The carrying amount of manufacturing and trading inventories is stated as follows:		
At cost	100,384,623	103,855,934
At net realisable value	–	–
	100,384,623	103,855,934

During the financial year, the amount of trading and finished goods recognised as an expenses in cost of sales of the Group is RM321,039,053 (2011: RM308,412,533).

### 22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	31,531,101	21,491,829	–	–
Less: Allowance for impairment				
Third parties	(622,240)	(622,240)	–	–
Trade receivables, net	30,908,861	20,869,589	–	–

## Notes to the Financial Statements

31 March 2012 (contd.)

### 22. TRADE AND OTHER RECEIVABLES (contd.)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Other receivables</b>				
Other receivables	383,515	3,165,287	138,194	138,194
Staff loans	64,996	72,871	—	—
Refundable deposits	215,576	307,406	12,728	13,378
	664,087	3,545,564	150,922	151,572
Less: Allowance for impairment				
Other receivables	(142,709)	(3,879)	(136,340)	—
	521,378	3,541,685	14,582	151,572
Total trade and other receivables	31,430,239	24,411,274	14,582	151,572
Add: Cash and bank balances (Note 24)	132,188,571	74,317,422	3,458,387	1,842,408
Total loan and receivables	163,618,810	98,728,696	3,472,969	1,993,980

#### (a) Trade receivables

The Group's normal credit term ranges from 7 to 45 days. Other credit terms are assessed and approved on a case-by-case-basis.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2012 RM	2011 RM
Neither past due nor impaired	30,260,769	17,293,944
1 to 30 days past due not impaired	648,092	3,575,645
Impaired	622,240	622,240
	31,531,101	21,491,829

#### Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM648,092 (2011: RM3,575,645) that are past due at the reporting date but not impaired.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 22. TRADE AND OTHER RECEIVABLES (contd.)

#### (a) Trade receivables (contd.)

##### Receivables that are impaired

At the reporting date, the Group have provided an allowance of RM622,240 (2011: RM622,240) for the impairment with a nominal amount of RM622,240 (2011: RM622,240).

There is no movement in this allowance account for the financial year ended 31 March 2012.

#### (b) Other receivables

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

##### Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	<i>Individually impaired</i>		<i>Individually impaired</i>	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other receivables - nominal amounts	215,360	3,879	138,194	–
Less: Allowance for impairment	(142,709)	(3,879)	(136,340)	–
	72,651	–	1,854	–

Movement in allowance accounts:

At 1 April	3,879	1,311,032	–	1,307,264
Charge for the year	138,772	–	136,340	–
Exchange difference	58	111	–	–
Reversal of allowance for impairment	–	(1,307,264)	–	(1,307,264)
At 31 March	142,709	3,879	136,340	–

### 23. OTHER CURRENT ASSETS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Prepaid operating expenses	1,535,869	1,589,350	2,016	1,018
Deposits	3,217,452	–	–	–
	4,753,321	1,589,350	2,016	1,018

## Notes to the Financial Statements

31 March 2012 (contd.)

### 24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Deposits with licensed banks	91,815,542	50,189,418	811,325	189,418
Cash and bank balances	40,373,029	25,962,004	2,647,062	1,652,990
Less : Fixed deposits pledged as security	–	(1,834,000)	–	–
	132,188,571	74,317,422	3,458,387	1,842,408
Bank overdraft (Note 26)	–	(1,295,843)	–	–
	132,188,571	73,021,579	3,458,387	1,842,408

Deposits with licensed banks of the Group amounting to RM Nil (2011: RM1,834,000) are pledged as security for a subsidiary company's short term borrowings (Note 26).

The average interest rates of deposits of the Group and of the Company at the reporting date are 2.30% to 3.05% per annum (2011: 1.60% to 2.87% per annum) and 2.72% to 2.95% (2011: 2.51% to 2.87%) respectively.

The average maturities of deposits of the Group at the reporting date are 7 to 56 days (2011: 6 to 29 days).

### 25. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

On 22 April 2011, the Company's subsidiary company, Uomo Donna (Malaysia) Sdn Bhd, sold a landed property known as H.S. (M) 3313, PT117168, Kinta, Mukim Hulu Kinta, Perak Darul Ridzuan.

### 26. SHORT TERM BORROWINGS

	Group	
	2012 RM	2011 RM
Secured:		
Bank overdraft	–	1,295,843
Bankers' acceptance	5,592,304	9,805,247
	5,592,304	11,101,090
Unsecured:		
Bankers' acceptance	13,327,000	12,397,000
	18,919,304	23,498,090

## Notes to the Financial Statements

31 March 2012 (contd.)

### 26. SHORT TERM BORROWINGS (contd.)

#### Bankers' acceptance

The weighted average effective interest rates at the reporting date for borrowings were as follows:

	2012 %	Group 2011 %
Bankers' acceptances	2.95 - 3.67	2.18 - 3.10

The secured bankers acceptances facility is secured by a debenture by way of a first fixed and floating charge over the assets of a subsidiary company and a corporate guarantee provided from the Company.

#### Bank overdraft

During the last financial year, the bank overdraft is an Islamic Bai'inah facility and is secured by the following:

- (a) A third party assignment of rights over vacant leasehold commercial land known as Zone 2 and Zone 3, measuring approximately 20.35 acres and 14.64 acres in area respectively, held under H.S.(D) 251945 for Lot PT 78698 and H.S.(D) 251946 for Lot PT 78699 respectively as disclosed in Note 15;
- (b) Pledge over General Investment Account ("GIA") of RM1,834,000 (Note 24);
- (c) Limited debenture by way of fixed and floating charge over the Project known as "The Atmosphere" (Zone 2A, 2B, 2C and 2D) located along Jalan Putra Permai, within Bandar Putra Permai, Seri Kembangan comprising one hundred and thirty six (136) units of three (3) storey, four (4) storey and five (5) storey shop offices erected or to be erected on part of land distinguished as Zone 2 forming part of the land held under H.S.(D) 251945 for Lot PT 78698 in the Mukim and District of Petaling, State of Selangor.
- (d) Assignment of all sales proceeds and all monies available in the Project Development Account;
- (e) Third party first legal charge over the property upon issuance of individual titles; and
- (f) This facility is also supported by a corporate guarantee from the Company.

The financial institution's profit is to be serviced monthly in arrears at a profit rate of 6.55% per annum and it is to be reduced after two years from the first drawdown rate via 11 quarterly instalments of RM2,333,334 and final instalment of RM2,333,326 or upon receipt of the redemption sum received from the sales proceed of the project whichever comes first.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 27. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties	28,809,671	21,532,047	–	–
	28,809,671	21,532,047	–	–
<b>Other payables</b>				
Accrued operating expenses	7,065,906	5,902,749	220,900	264,000
Other payables	6,011,973	4,582,224	4,171,320	4,171,320
Retention money	348,450	394,149	–	–
Deposits	332,200	361,200	–	–
Provision for accrued annual leave	40,586	27,696	–	–
	13,799,115	11,268,018	4,392,220	4,435,320
Total trade and other payables	42,608,786	32,800,065	4,392,220	4,435,320
Add: Short term borrowings (Note 26)	18,919,304	23,498,090	–	–
Total financial liabilities carried at amortised cost	61,528,090	56,298,155	4,392,220	4,435,320

#### (a) Trade payables

These amount are non-interest bearing. The normal credit terms granted to the Group range from 30 to 150 days (2011: 30 to 150 days).

#### (b) Other payables

These amount are non-interest bearing. Other payables are normally settled on an average term of six months (2011: average term of six months).

### 28. OTHER CURRENT LIABILITIES

	Group	
	2012 RM	2011 RM
Progress billings in respect of property development cost	36,673,269	13,905,248

## Notes to the Financial Statements

31 March 2012 (contd.)

### 29. SHARE CAPITAL

	<b>Group and Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
<b>Authorised:</b>		
375,000,000 (2011: 375,000,000)		
ordinary shares of 80 sen (2011: 80 sen) each		
At 1 April and 31 March	300,000,000	300,000,000
<b>Issued and fully paid:</b>		
164,213,000 (2011: 164,213,000)		
ordinary shares of 80 sen (2011: 80 sen) each		
At 1 April and 31 March	131,370,400	131,370,400

### 30. CAPITAL RESERVE

Capital reserve of the Group comprises surplus arising from revaluation of land and foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

### 31. SEGMENT INFORMATION

#### (a) Geographical segment:

No geographical analysis has been presented as the Group's business interests are predominantly located in Malaysia.

#### (b) Business segments:

The Group is organised into five major business segments:

- (i) Manufacturing - manufacturing and sale of sawn timber, veneer and plywood
- (ii) Supply of electricity and steam - generation and supply of power and steam
- (iii) Property development - the development of commercial properties
- (iv) Investment holding - investment holding and provision of management services
- (v) Property holding - rental of properties
- (vi) Trading - trading of fashionwear

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 31. SEGMENT INFORMATION (contd.)

	Manufacturing RM	Property Holding RM	Investment Holding RM	Property Development RM	Supply of Electricity and Steam RM	Trading RM	Elimination RM	Consolidated RM
<b>31 March 2012</b>								
<b>Revenue</b>								
External sales	291,893,057	48,000	–	82,715,320	–	–	–	374,656,377
Inter-segment sales	100,403,088	–	21,802,750	40,999,167	10,883,050	–	(174,088,055)	–
								<u>374,656,377</u>
<b>Results</b>								
Profit from operations	14,716,359	20,910	21,346,707	22,754,854	8,488,021	1,567	(22,020,734)	45,307,684
Taxation								<u>284,543</u>
Profit for the year								<u>45,592,227</u>
<b>Assets</b>								
Segments assets	394,359,974	367,703	174,062,641	215,144,195	43,320,135	50,382	(300,690,905)	<u>526,614,125</u>
<b>Liabilities</b>								
Segments liabilities	91,969,692	64,260	4,419,569	167,099,718	3,413,666	5,682,309	(162,486,896)	110,162,318
<b>Other segment information</b>								
Depreciation	12,012,993	–	57,082	120,449	1,145,213	–	–	13,335,737
Amortisation	153,083	–	–	2,907	–	–	–	<u>155,990</u>
<b>31 March 2011</b>								
<b>Revenue</b>								
External sales	277,656,119	49,760	–	48,584,057	–	–	–	326,289,936
Inter-segment sales	–	–	12,056,250	–	11,448,349	–	(23,504,599)	–
								<u>326,289,936</u>
<b>Results</b>								
Profit from operations	4,791,776	22,570	11,437,628	10,195,577	9,387,628	303,036	(12,133,208)	24,005,007
Taxation								<u>5,516,396</u>
Profit for the year								<u>29,521,403</u>
<b>Assets</b>								
Segments assets	360,296,816	317,943	121,324,594	188,175,242	34,828,078	270,770	(240,622,637)	<u>464,590,806</u>
<b>Liabilities</b>								
Segments liabilities	70,879,355	64,260	4,468,670	140,445,488	3,402,842	5,671,450	(142,852,703)	<u>82,079,362</u>
<b>Other segment information</b>								
Depreciation	12,065,264	–	56,040	120,269	1,143,513	–	–	13,385,086
Amortisation	153,083	–	–	2,906	–	–	–	<u>155,989</u>

## Notes to the Financial Statements

31 March 2012 (contd.)

### 32. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
(i) <i>Transactions with Directors' related companies:</i>				
Expenses paid to :				
Tempo Properties Sdn. Bhd.*	3,600	3,600	3,600	3,600
Management fee charged for the year paid to :				
Tempo Properties Sdn. Bhd.*	4,290,000	3,000,000	–	–
Rental of premises paid to :				
Quantum Heritage Sdn. Bhd.**	41,301	28,593	41,301	28,593
(ii) <i>Transactions with subsidiary companies:</i>				
Advances received from a subsidiary company	–	–	5,097,000	5,557,590
Expenses paid on behalf by subsidiary companies	–	–	5,555	1,361
Expenses paid on behalf of subsidiary companies	–	–	141,671	160,166
Interim dividends received from subsidiary companies	–	–	13,190,250	9,543,750
Repayment received from subsidiary companies	–	–	194,000	50,000
(iii) <i>Transactions with associated companies:</i>				
Expenses paid on behalf of associated companies	3,916	3,689	3,916	3,689

\*The directors of Tempo Properties Sdn. Bhd., namely Choong Soo Onn and Khoo Boo Hian are directors of Vibrant Hub Sdn Bhd and its subsidiary companies.

\*\*The directors of Quantum Heritage Sdn. Bhd. include Tay Hua Sin and Choong Soo Onn.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 32. RELATED PARTY DISCLOSURES (contd.)

#### (b) Compensation of key management personnel

The remuneration of directors who are also the key management during the year is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Short term employee benefits	1,553,350	1,668,794	–	–
Post-employment benefits:				
Defined contribution plan	112,320	117,600	–	–
	1,665,670	1,786,394	–	–

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed.

### 33. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	22
Short term borrowings	26
Trade and other payables (current)	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the short-term borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risk arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, and
- A nominal amount of RM18,919,304 (2011: RM23,498,090) relating to corporate guarantees to banks and financial institutions on behalf of subsidiary companies.

#### Exposure to credit risk

At the reporting date, Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 22.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

## Notes to the Financial Statements

31 March 2012 (contd.)

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### (b) Liquidity risk (contd.)

The Group's and the Company's liquidity risk management policy is to maintain minimal borrowings and to maintain sufficient liquid financial assets and standby credit facilities. At the reporting date, all of the Group's borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

#### Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM
<b>31 March 2012</b>	
<b>Financial liabilities</b>	
<b>Group</b>	
Short term borrowings	18,977,859
Trade and other payables	42,608,786
<b>Total undiscounted financial liabilities</b>	<b>61,586,645</b>
<b>Company</b>	
Trade and other payables	4,392,220
<b>Total undiscounted financial liabilities</b>	<b>4,392,220</b>
<b>31 March 2011</b>	
<b>Financial liabilities</b>	
<b>Group</b>	
Short term borrowings	23,659,853
Trade and other payables	32,800,065
<b>Total undiscounted financial liabilities</b>	<b>56,459,918</b>
<b>Company</b>	
Trade and other payables	4,435,320
<b>Total undiscounted financial liabilities</b>	<b>4,435,320</b>

## Notes to the Financial Statements

31 March 2012 (contd.)

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

There is no interest rate risk for the Group and the Company as the interest rate for banker acceptance, short term borrowings and fixed deposits are fixed until the maturity of the financial instruments.

#### Sensitivity analysis for interest rate risk

Sensitivity analysis has not been disclosed because the Group has no significant net exposure to interest risk at the reporting date.

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currencies of Group, Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

Approximately 76% (2011: 79%) of the Group's sales are denominated in foreign currencies whilst 10% (2011: 10%) total selling expenses and cost of goods sold are denominated in foreign currencies. The Group's trade receivables and trade payables balances at the reporting date have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM1,784,910 (2011: RM1,579,374) for the Group.

#### Sensitivity analysis for foreign currency risk

The following table demonstrate the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group, with all other variables held constant.

	<b>Group</b>	
	<b>Increase/(decrease)</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
	<b>Profit net of tax</b>	<b>Profit net of tax</b>
USD/RM		
- Strengthened 3% (2011: 3%)	1,171,971	433,435
- Weakened 3% (2011: 3%)	(1,171,971)	(433,435)

## Notes to the Financial Statements

31 March 2012 (contd.)

### 35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2012 and 31 March 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, short term borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve.

	Note	2012 RM	Group 2011 RM	2012 RM	Company 2011 RM
Short term borrowings	26	18,919,304	23,498,090	–	–
Trade and other payables	27	42,608,786	32,800,065	4,392,220	4,435,320
Less: Cash and bank balances	24	(40,373,029)	(25,962,004)	(2,647,062)	(1,652,990)
Deposits with licensed banks	24	(91,815,542)	(50,189,418)	(811,325)	(189,418)
<b>(Excess of cash and bank balances over debt) /net debt</b>		<b>(70,660,481)</b>	<b>(19,853,267)</b>	<b>933,833</b>	<b>2,592,912</b>
<b>Total capital:</b>					
Equity attributable to owners of the Company		388,876,102	359,411,943	121,351,721	116,828,322
Capital and net debt		318,215,621	339,558,676	122,285,554	119,421,234
Gearing ratio		N/A	N/A	1%	2%

## Notes to the Financial Statements

31 March 2012 (contd.)

### 36. SIGNIFICANT EVENTS

On 17 August 2011, the Company's subsidiary company, Oval Rock Sdn Bhd ("ORSB") entered into Sales and Purchase Agreement with Azam Hartamas Sdn Bhd ("Vendor") to acquire 37 pieces of land measuring a total of 73.29 acres, situated at Batu 9 Jalan Gombak, Mukim Setapak, Selangor Darul Ehsan for a total cash consideration of RM22,347,587.

Subsequently, on 31 January 2012, ORSB entered into a Supplemental Agreement with the Vendor to revise the acquisition to 28 pieces, measuring a total of 56 acres for a revised cash consideration of RM17,075,520.

ORSB will endeavour to acquire the 9 pieces of land through direct negotiations with the various owners.

On 13 February 2012 and 15 February 2012, ORSB entered into sales and purchase agreements with Mat Jusoh Bin Lah and Ismail Bin Jidin respectively to acquire 2 of the 9 pieces of land measuring a total of 4 acres, situated at Batu 9 Jalan Gombak, Mukim Setapak, Selangor Darul Ehsan for a cash consideration of RM1,000,000 respectively.

### 37. COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	2012 RM	Group	2011 RM
Approved and contracted for:			
Land held for property development	15,989,161		–
Approved and not contracted for:			
Land held for property development	960,400		–
	16,949,561		–

Included in land held for property development approved and not contracted for are the remaining 6 out of 9 pieces of land which the Company endeavours to acquire through direct negotiations with the various owners.

## Supplementary Information

for the financial years ended 31 March 2012

### 38. SUPPLEMENTARY INFORMATION - BREAKDOWN OF REVENUE RESERVE/(ACCUMULATED LOSSES) INTO REALISED AND UNREALISED

The breakdown of the revenue reserve/(accumulated losses) of the Group and of the Company as at 31 March 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total revenue reserve/ (accumulated losses) of the Company and its subsidiaries				
- Realised	250,047,430	224,513,863	(10,039,679)	(14,569,078)
- Unrealised	6,602,695	2,661,889	21,000	27,000
Revenue reserve/ (accumulated loss) as per financial statements	256,650,125	227,175,752	(10,018,679)	(14,542,078)

## Analysis of Shareholdings

as at 13 August 2012

### SHARE CAPITAL

Authorised share capital	:	RM300,000,000.00 divided into 375,000,000 ordinary shares of RM0.80 each
Issued and fully paid up	:	RM131,370,400.00 divided into 164,213,000 ordinary shares of RM0.80 each
Voting Rights	:	One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

No. of holders	Holdings	Total Holdings	%
44	Less than 100	2,418	0.00
753	100 – 1,000	518,960	0.32
1,673	1,001 – 10,000	7,891,565	4.81
563	10,001 – 100,000	18,314,400	11.15
89	100,001 – 8,210,649	41,928,200	25.53
4	8,210,650 and above	95,557,457	58.19
<b>3,126</b>		<b>164,213,000</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS as at 13 August 2012

Name of shareholders	Shareholding Direct	%	Shareholding Indirect	%	Note
1. Darujasa Sdn. Bhd.	32,798,000	19.97	–	–	
2. Kesturi Suria Sdn. Bhd.	32,798,000	19.97	–	–	
3. Serira Sdn. Bhd.	19,264,736	11.73	–	–	
4. Tay Hua Sin	10,696,721	6.51	65,596,000	39.95	(i)
5. Faizal bin Abdul Aziz	1,000,000	0.61	19,264,736	11.73	(ii)
6. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain	1,079,400	0.66	20,264,736	12.34	(iii)
7. Khairul Arifin bin Abdul Aziz	–	–	19,264,736	11.73	(ii)

#### Notes: -

- (i) Indirect interest is by virtue of the shareholder's interest in Darujasa Sdn. Bhd. (32,798,000 shares) and Kesturi Suria Sdn. Bhd. (32,798,000 shares)
- (ii) Indirect interest is by virtue of the shareholder's interest in Serira Sdn. Bhd. (19,264,736 shares)
- (iii) Indirect interest is by virtue of the interests of the shareholder's son, En. Faizal bin Abdul Aziz (1,000,000 shares) and shareholder's interest in Serira Sdn. Bhd. (19,264,736 shares).

## Analysis of Shareholdings

as at 13 August 2012 (contd.)

### DIRECTORS' SHAREHOLDINGS as at 13 August 2012

As per the Register of Directors' Shareholdings, save for the Directors named below, no other Directors of the Company has any interest in shares, direct or indirect, in the Company or its related corporation.

Names	Shareholding Direct	%	Shareholding Indirect	%	Note
1. Tay Hua Sin	10,696,721	6.51	65,596,000	39.95	(i)
2. Sui Uh Hing	102,700	0.06	—	—	
3. Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain	1,079,400	0.66	20,264,736	12.34	(ii)

#### Notes :-

- i. Indirect interest is by virtue of the shareholder's interest in Darujasa Sdn. Bhd. (32,798,000 shares) and Kesturi Suria Sdn. Bhd. (32,798,000 shares)
- ii. Indirect interest is by virtue of the interests of the shareholder's son, En. Faizal bin Abdul Aziz (1,000,000 shares) and shareholder's interest in Serira Sdn. Bhd. (19,264,736 shares).

### THIRTY LARGEST SECURITIES HOLDERS

Registered Holders	No. of shares	% of shares
1. Darujasa Sdn. Bhd	32,798,000	19.97
2. Kesturi Suria Sdn. Bhd.	32,798,000	19.97
3. Serira Sdn. Bhd.	19,264,736	11.73
4. ECML Nominees (Asing) Sdn. Bhd. <i>Tay Hua Sin (PCS)</i>	10,696,721	6.51
5. Addeen Printers Sdn. Bhd.	5,154,500	3.14
6. Lo, Wu-Hsiung	2,058,600	1.25
7. Innosabah Nominees (Asing) Sdn Bhd <i>Exempt an for UOB Kay Hian Pte Ltd (A/c Clients)</i>	1,970,000	1.20
8. Tan Meng Seng	1,866,600	1.14
9. HLG Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Rafazjaya Sdn Bhd</i>	1,780,000	1.08
10. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Choong Soo Onn</i>	1,620,200	0.99

## Analysis of Shareholdings

as at 13 August 2012 (contd.)

### THIRTY LARGEST SECURITIES HOLDERS (contd.)

Registered Holders	No. of shares	% of shares
11. Neoh Choo Ee & Company Sdn. Bhd.	1,300,000	0.79
12. Zulkifli bin Hussain	1,245,000	0.76
13. Goh Geok Chew	1,200,000	0.73
14. Lim Ka Kian	1,160,000	0.71
15. Lee Peng Buan	1,079,700	0.66
16. CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Abdul Aziz bin Husain (Kuching)</i>	1,079,400	0.66
17. Faizal bin Abdul Aziz	1,000,000	0.61
18. Lim Kok Boon	1,000,000	0.61
19. Low Han Kee	866,300	0.53
20. Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Meng Seng (8075975)</i>	834,300	0.51
21. Zulkifli bin Hussain	760,000	0.46
22. Tay Wah Seng	700,000	0.43
23. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Chew Ee</i>	607,000	0.37
24. Tseng Lo, Hsiu-Yun	514,200	0.31
25. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Tian Meng</i>	498,700	0.30
26. Affin Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chu Chee Leong (CHU0198C)</i>	462,000	0.28
27. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Geok Siew</i>	460,000	0.28
28. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Yee Hui (KLC/KEN)</i>	443,200	0.27
29. Khoo Yok Kee	441,300	0.27
30. Chen, Yi-Hsin	378,000	0.23

## Properties of the Group

as at 31 March 2012

Location	Date	Description	Land area (build-up area) sq meters	Tenure	Age of building (years)	Net book value as at 31.03.2012 RM
<b>Rajang Plywood Sawmill Sdn. Bhd.</b>						
Engkilo Land - Lot No. 1632, Block 11 Engkilo Land District, Sungai Dasan, Sibiu	Revalued on 31.03.2000	Hostel & canteen	14,364	Leasehold expiring year 2062	15 to 19	2,368,050
Engkilo Land - Lot No. 1634, Block 11 Engkilo Land District, Sungai Dasan, Sibiu		Plywood processing mill, sawmill, workshop & main administrative office	157,131	Leasehold expiring year 2062	16 to 19	18,018,618
<b>Rajang Plywood (Sabah) Sdn. Bhd.</b>						
Merotai, District of Tawau, Sabah Title No. CL 105486762 Ref No. LA94100174 LS 1001.1.1973 Geocode : 4889817517	Acquired on 30.03.2001	Factory office, plywood processing mill, sawmill & workshop	101,094 (43,024)	Leasehold expiring year 2094	5 to 11	17,643,210
Merotai, District of Tawau, Sabah Title No. CL 105486771 Ref No. LA94100175 LS 1001.1.1965 Geocode : 4889814589	Acquired on 30.03.2001	Sawmill, workshop, hostel & canteen	101,201 (2,493)	Leasehold expiring year 2094	5 to 11	
<b>Eksons Biomass Energy Sdn. Bhd.</b>						
Merotai, District of Tawau, Sabah Title No. CL 105486762 Ref No. LA94100174 LS 1001.1.1973 Geocode : 4889817517	Acquired on 30.03.2001	Building for biomass power plant	101,094 (2,304)	Leasehold expiring year 2094	5	2,865,602
<b>The Atmosphere Sdn. Bhd.</b>						
No. 1 to 3 Jalan Prima Tropika Barat 2, Taman Prima Tropika 47100 Puchong, Selangor	Acquired on 10.09.2008	Sales and project site office	436.42 (1,253.32)	Leasehold expiring year 2106	4	3,176,403

\* The above leasehold land is registered in the name of Rajang Plywood (Sabah) Sdn. Bhd.

## Disclosure of Recurrent Related Party Transactions

At the Extraordinary General Meeting held on 15 September 2011, the Company obtained a shareholders' mandate to allow the Eksons Group to enter into recurrent related party transaction of revenue or trading nature. The details of recurrent related party transactions conducted during the financial year ended 31 March 2012 pursuant to the shareholders' mandate are disclosed as follows :-

<b>Transacting Company in the Eksons Group</b>	<b>Mandated Related Party</b>	<b>Nature of Transactions by the Mandated Related Party</b>	<b>Amount transacted during the financial year</b>
The Atmosphere Sdn. Bhd. ("The Atmosphere") <sup>1</sup>	Tempo Properties Sdn. Bhd. ("TPSB") <sup>2</sup>	Project management services provided by TPSB to The Atmosphere of between 3.5% to 7% of the Gross Development Value of The Atmosphere's property development project on Lot HS (D) 118696, PT No. 45265, Mukim and Daerah of Petaling, State of Selangor	<b>RM</b> 4,290,000

### Notes :

- The Atmosphere is a wholly-owned subsidiary of Vibrant Hub Sdn. Bhd., a 60%-owned subsidiary of Eksons Corporation Berhad. The balance 40% of Vibrant Hub Sdn. Bhd. is owned by Topaz Blue Sdn. Bhd., a subsidiary of TPSB.
- TPSB is a wholly-owned subsidiary of Tempo Holdings Sdn. Bhd. ("THSB"). THSB is a 47.06% owned company of Zenith Joy Sdn. Bhd., which in turn is owned by Tay Hua Sin (50,001 shares), a major shareholder and a Director of Eksons Corporation Berhad and Choong Soo Onn (1 share), a director of both The Atmosphere and Zenith Joy Sdn. Bhd. Choong Soo Onn is also a director and major shareholder of Yoon Hin Holdings Sdn. Bhd., a company which holds the balance of 52.94% shares in THSB.

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty Second Annual General Meeting of **Eksons Corporation Berhad** will be held at Belmont Marco Polo Hotel, Jalan Clinic, 91008 Tawau, Sabah on Friday, 28 September 2012 at 3.00 p.m. for the following purposes:

### ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2012 and the Report of the Directors and Auditors thereon. **(Resolution 1)**
2. To declare a final dividend of 2.5 sen per share under the single-tier system for the financial year ended 31 March 2012. **(Resolution 2)**
3. To approve the payment of Directors' fees for the financial year ended 31 March 2012. **(Resolution 3)**
4. To re-elect the following Directors who are retiring pursuant to Article 93 of the Company's Articles of Association:
  - (i) Dato' Philip Chan Hon Keong **(Resolution 4)**
  - (ii) Mr. Sui Uh Hing **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other business for which due notice shall have been given.

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS HEREBY GIVEN THAT** a final dividend of 2.5 sen per share under the single-tier system for the financial year ended 31 March 2012, if approved by shareholders at the Twenty Second Annual General Meeting, will be paid on 5 November 2012 to the depositors whose names appear in the Record of Depositors on 10 October 2012.

A depositor shall qualify for entitlement to the dividend in respect of :-

- a) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 10 October 2012 in respect of the transfers; and
- b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**Emily Yeo Swee Ming**  
Company Secretary

Dated: 6 September 2012

## Notice of Annual General Meeting (contd.)

**Notes:**

- (a) A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
- (b) To be valid, the form of proxy duly completed must be deposited at the registered office of the Company at TB 4327, Block 31, 2nd Floor, Fajar Complex, Jalan Haji Karim, 91000 Tawau, Sabah, not less than 48 hours before the time appointed for holding the meeting.
- (c) A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act 1965 are complied with.
- (d) Where a member appoints more than one proxy the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
- (e) If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

## Statement Accompanying Notice of Annual General Meeting

### 1. The names of individuals who are standing for re-election

(a) Directors retiring by rotation pursuant to Article 93 of the Company's Articles of Association :

(i) Dato' Philip Chan Hon Keong

(ii) Mr. Sui Uh Hing

### 2. Details of attendance of Directors at Board Meetings held in the financial year ended 31 March 2012

A total of 4 Board Meetings were held in the financial year ended 31 March 2012. Attendance of Directors at the Board Meetings is as follows:

Directors	Number of meetings attended
Tan Sri Datuk Amar (Dr) Haji Abdul Aziz bin Dato Haji Husain	4/4
Tay Hua Sin	3/4
Sui Uh Hing	4/4
Tang Seng Fatt	4/4
Dr. Lai Mei Ling	4/4
Dato' Philip Chan Hon Keong	4/4

### 3. Twenty Second Annual General Meeting

The Twenty Second Annual General Meeting will be held at Belmont Marco Polo Hotel, Jalan Clinic, 91008 Tawau, Sabah on Friday, 28 September 2012 at 3.00 p.m.

### 4. Further details of Directors who are standing for re-election

Details of Directors who are standing for re-election are set out in the section titled "Directors' Profile" on pages 4 to 6 of this Annual Report. Dato' Philip Chan Hon Keong does not hold any shares in the Company. Information relating to the securities holdings of Mr. Sui Uh Hing are set out in the section titled "Analysis of Shareholdings" on page 90 of this Annual Report.

## Form of Proxy

I/We (**Block Capitals, Please**) ..... NRIC .....

of ..... being a member / members of

**EKSONS CORPORATION BERHAD, Company No. 205814-V** hereby appoint .....

or failing him THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held at Belmont Marco Polo Hotel, Jalan Clinic, 91008 Tawau, Sabah on Friday, 28 September 2012 at 3.00 p.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of Annual General Meeting.

No.	Resolution	*For	*Against
1.	To adopt Directors' and Auditors' Report and Audited Financial Statements for the financial year ended 31 March 2012.		
2.	To declare a final dividend of of 2.5 sen per share under the single-tier system for the financial year ended 31 March 2012		
3.	To approve the payment of Directors' fees for the financial year ended 31 March 2012.		
4.	To re-elect Dato' Philip Chan Hon Keong who is retiring pursuant to Article 93 of the Company's Articles of Association.		
5.	To re-elect Mr. Sui Uh Hing who is retiring pursuant to Article 93 of the Company's Articles of Association.		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		

\* (Please indicate with an "X" in the spaces provided on how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Date ..... 2012

No. of shares held

.....  
Signature/Common Seal of Shareholder

**Notes:**

- (a) A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (b) To be valid, the form of proxy duly completed must be deposited at the registered office of the Company at TB 4327, Block 31, 2nd Floor, Fajar Complex, Jalan Haji Karim, 91000 Tawau, Sabah, not less than 48 hours before the time appointed for holding the meeting.
- (c) A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act 1965 are complied with.
- (d) Where a member appoints more than one proxy the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
- (e) If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.



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AFFIX  
STAMP

*The Company Secretary*  
**Eksons Corporation Berhad** (205814-V)

*Registered Office:*  
TB 4327, Block 31,  
2<sup>nd</sup> Floor, Fajar Complex,  
Jalan Haji Karim,  
91000 Tawau, Sabah

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# THE ATMOSPHERE



Best Mixed-Use Development  
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