PLS PLANTATIONS BERHAD

Company No. 160032-K

ANNUAL REPORT 2011

contents

notice of twenty-fourth annual general meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of the Company will be held at Function Room, KKlub, Jalan Melawati 3, Taman Melawati, 53100 Selangor Darul Ehsan on **Thursday, 29th September 2011 at 10.00 a.m** for the following purposes:

AGENDA

1. To receive and consider the Audited Financial Statements for the financial year ended 31 March 2011 together with the Reports of the Directors and the Auditors thereon. (RESOLUTION 1)

2. To approve the payment of Directors' fees for the financial year ended 31 March 2011. (RESOLUTION 2)

3. To re-elect the following Directors who retire in accordance with Article 82 of the Company's Article of Association:-

   (a) Mr Lee Hun Kheng (RESOLUTION 3)
   (b) Miss Kang Hui Ling (RESOLUTION 4)

4. To re-elect Dato' Haji Ibrahim bin Haji Keling who retires in accordance with Section 129(6) of the Companies Act, 1965. (RESOLUTION 5)

5. To re-appoint Messrs. Baker Tilly Monteiro Heng as auditors of the Company and to authorise the Directors to fix their remuneration. (RESOLUTION 6)

6. As Special Business, to consider and if thought fit, to pass the following resolutions with or without modifications:-

ORDINARY RESOLUTION 1

Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965 (RESOLUTION 7)

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and other relevant governmental/ regulatory authorities, where such approvals are necessary, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 2

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature with the twelve (12) related parties as per paragraph 3.3 (1-12) of the Circular to Shareholders (RESOLUTION 8)

"THAT authority be and is hereby given pursuant to paragraph 10.09 and Practice Note 12 of the Bursa Malaysia Main Market Listing Requirements for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in paragraph 3.4 of the Circular to Shareholders dated 7th September 2011 with the related parties listed in paragraph 3.3 which are necessary for the day-to-day operations, in the ordinary course of business, made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those normally available to the public and are not to the detriment of the minority shareholders; **AND THAT** the authority conferred by this Mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:

i. the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that Annual General Meeting.

ii. the expiration of the period within which the next Annual General Meeting after the date, it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but not extending to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

iii. revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier".

7. To transact any other business for which due notice have been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

By Order of the Board

LIM THIAM WAH, ACIS
MAH WAI HAR, ACIS
CHUA HOON PING, ACIS
JOINT SECRETARIES

SELANGOR DARUL EHSAN
7 September 2011

notice of twenty-fourth annual report meeting (cont'd)

Notes:

1. *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
2. *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.*
3. *If the appointor is a corporation, this proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
4. *To be valid, this proxy form, duly completed must be deposited at the Registered Office not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

i. *The Proposed Resolution 7 if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 24 September 2010 and which will lapse at the conclusion of the Twenty-Fourth Annual General Meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment(s), working capital and/or acquisitions.*

ii. *The Proposed Resolution 8 if passed, will authorise the Group to enter into recurrent related party transactions as specified in the Circular to Shareholders dated 7 September 2011, provided that such transactions are of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.*

statement accompanying notice of annual general meeting

Particulars of Directors who are standing for election at the Twenty-Fourth Annual General Meeting.

There is no director standing for election at the Twenty-Fourth Annual General Meeting.

corporate information

BOARD OF DIRECTORS

Haji Johar Salim Bin Yahaya
(Executive Chairman)

Tan Sri Dato' Lim Kang Yew
(Managing Director)

Mr Lee Hun Kheng
(Executive Director)

Dato' Lim Kang Hoo
(Non-Independent Non-Executive Director)

Dato' Lim Kang Poh
(Non-Independent Non-Executive Director)

Dato' Haji Ibrahim Bin Haji Keling
(Independent Non-Executive Director)

Encik Hisham Bin Mahmood
(Independent Non-Executive Director)

Miss Kang Hui Ling
(Independent Non-Executive Director)

Puan Norliza Binti Suleiman
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE
Dato' Haji Ibrahim Bin Haji Keling
(Chairman)
Miss Kang Hui Ling
(Member)
Encik Hisham Bin Mahmood
(Member)

REGISTERED OFFICE
17 C, Wisma Limbongan Setia,
Jalan SG 3/4,
Taman Seri Gombak
68100 Batu Caves,
Selangor Darul Ehsan.
Tel : 03-6187 5288 *(10 lines)*
Fax : 03-61875289

SHARE REGISTRAR
Sectrars Services Sdn Bhd
28-1, Jalan Tun Sambanthan 3
Brickfields
50470 Kuala Lumpur
Tel : 03-2274 6133
Fax : 03-2274 1016

COMPANY SECRETARIES
Mr. Lim Thiam Wah, *ACIS*
Madam Mah Wai Har, *ACIS*
Ms. Chua Hoon Ping, *ACIS*

PRINCIPAL BANKERS
RHB Bank Bhd
Public Bank Bhd
Malayan Banking Bhd
Ambank (M) Bhd
Agro Bank Bhd

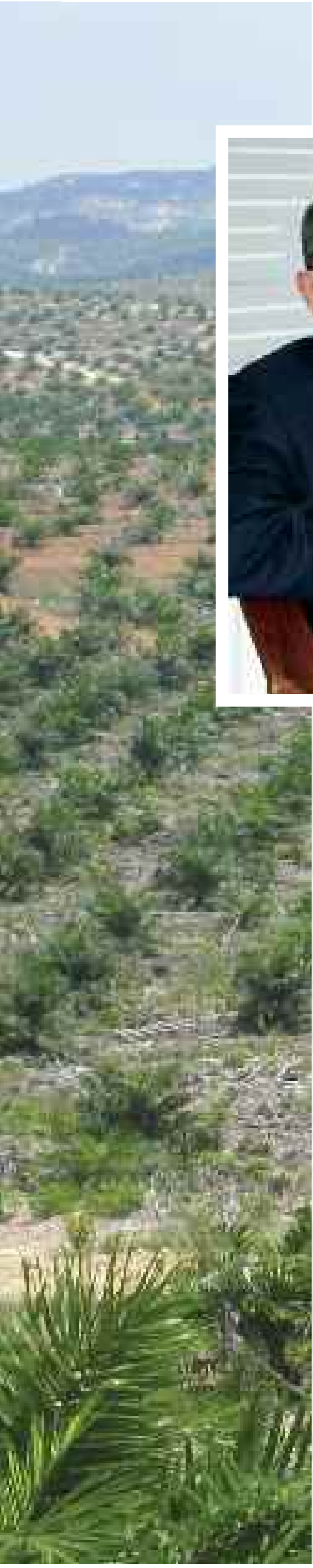
STOCK EXCHANGE
Bursa Malaysia Securities Berhad
(Main Market)
Sector : Plantation
Stock Name : PLS
Stock Code : 9695

www.limbongan.com

AUTHORISED & PAID-UP CAPITAL
Authorised RM200.0 million
Paid-up RM65.34 million

AUDITOR
Baker Tilly Monteiro Heng
Chartered Accountants *(AF 0117)*
An Independent Member of Baker Tilly International
Monteiro & Heng Chambers,
No.22, Jalan Tun Sambanthan 3,
50470 Kuala Lumpur
Tel : 03-2274 8988
Fax : 03-2260 1708

executive chairman's statement



HAJI JOHAR SALIM BIN YAHAYA
Executive Chairman

DEAR VALUED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF PLS PLANTATIONS BERHAD, I AM PLEASED TO PRESENT THE ANNUAL REPORT OF THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2011.

INDUSTRIAL TRENDS AND DEVELOPMENT

Global economy continued to grow at a moderate pace in the first quarter of 2011. Most advanced economies registered moderate growth as domestic demand remained subdued amid elevated unemployment. Conversely, emerging and developing economies were strong in growth largely contributed by robust domestic demand and favourable export performance despite growing concerns of overheating, increasing in oil prices and rising inflationary pressures worldwide.

In Malaysian economy, real Gross Domestic Product (GDP) grew 4.6% in the first quarter of 2011 as compared to 4.8% in the previous quarter, led by steady performance of the services and stronger domestics-oriented manufacturing sectors especially in relation to construction-related sub-sectors which continues to drive growth. The construction activities grew 3.8%, spurred by the robust residential and non-residential sub-sectors. Meanwhile, the civil engineering and special trade sub-sector registered a growth of 2.2%, partly backed by the commencement of infrastructure projects under the Tenth Malaysia Plan (10MP) and major ongoing electrified double track, east-coast expressway and hydroelectric power projects. The agriculture sector improved with a smaller negative growth, bolstered by the strong performance of the livestock, fishing and other sub-sectors. Value-added of the oil palm, forestry and logging sub-sectors were contracted as lower crude palm oil production, following unfavourable weather conditions and lower logging activity, particularly in Sabah and Sarawak respectively. Meanwhile, value-added of the rubber sub-sector grew 2.2%, backed by increased tapping activity, following firm rubber prices.

On the domestic front, the Malaysian economy is expected to sustain its growth momentum in the remaining quarters of 2011 as reflected by the incremental in the Leading index in the first quarter of 2011. On the demand side, growth is expected to emanate from domestic consumption and investment activities. On the supply side, growth will be supported by continuing expansion in the services and manufacturing sectors.

(Source: Malaysian Economic Report 1st Quarter 2011)

executive chairman's statement (cont'd)

FINANCIAL RESULTS AND OPERATION REVIEWS

For the financial year ended 31 March 2011, the Group continued to report a higher revenue of RM123.4 million as compared to RM63.1 million in the previous year. As a result, the Group recorded a higher pre-tax profit of RM17.7 million as compared to RM6.8 million attained in financial year 2010.

The increased in the Group's revenue and pre-tax profit was predominant from its construction operations and attributed to its ongoing "design and build" hospital project in Seremban and special construction works for the highway projects in the State of Johor. Its 70% owned subsidiary, Aramijaya Sdn Bhd ('Aramijaya') achieved a higher revenue of RM 82.5 million as compared to RM33.7 million largely contributed from its ongoing special construction works. Nevertheless, Aramijaya still continues to produce its timber products such as wood chips, logs and sawn timbers despite a slower logging activity due to continuation in global and local demands.

The Group recorded a higher net asset per share attributable to equity holders of the holding company from RM0.25 per share in the previous financial year to RM0.28 per share in the current financial year.

CORPORATE DEVELOPMENT

The Company has not implemented any new corporate proposal during the financial year ended 31 March 2011. As for the previous right issue exercise, the Group has fully utilised the funds during the financial year for the Group's project financing and working capital requirement. The Board will explore any other related business operations and credible investment opportunities to improve the Group's performance as well as enhance shareholder value.

PROSPECT

During the financial year, Aramijaya further undertakes a new special construction works of supply and transport of suitable earth fill material project in the State of Johor. This will further increase our Group's current book order and expects to contribute positively to the Group's earnings in the near term. At the same time, the Group continues to focus on its objective in expanding the oil palm plantation as well as increase its plantation landbank for the replanting of acacia tree. Possibility of diversifying into rubber (Timber Latex) plantation will always be a challenging task to explore.

The new fibreboard business is now value added to the woodchips business and is expected to benefit the Group's performance in the long run. New strategic alliances with both local and multi-national companies that are in line with the group's expansion objective will be considered for future investment and development.

Barring any unforeseen circumstances, the Board anticipates that the Group would expect to remain profitable in the forthcoming financial year due to further contributions from both the construction and plantation operations especially with the upcoming prospect in the oil palm plantation.

APPRECIATION

On behalf of the Board of Directors and Management, I would like to express my sincere thanks to my fellow directors, management team and staff for their collective commitments and undivided contributions to the Group during the year.

My sincere gratitude and appreciation to all our loyal shareholders, bankers, business associates, buyers and sellers, consultants and contractors not least to relevant government authorities for their continued support, firm confidence and trust in the Group and the Company.

HAJI JOHAR SALIM BIN YAHAYA
Executive Chairman

directors' profile

Haji Johar Salim bin Yahaya,
Executive Chairman

Haji Johar Salim bin Yahaya, a Malaysian and aged 58 was appointed to the Board on 4 March 1997 and as Executive Chairman on 1 August 2003. He graduated with a Bachelor of Economics (Hons) Degree from University Malaya, Kuala Lumpur. Haji Johar started his career with Bank of America in 1976 and later moved to Malaysian French Bank in 1983. He joined Kumpulan Prasarana Rakyat Johor Sdn Bhd in 1996 and is a Director of Tebrau Teguh Bhd. He is also a director in several other private limited companies.

Haji Johar Salim bin Yahaya is deemed to be interested in the related party transactions disclosed on page 76 of the Annual Report. He does not have any family relationship with any of the directors and / or substantial shareholders of the Company. Haji Johar Salim bin Yahaya does not hold any shares in PLS.

Tan Sri Dato' Lim Kang Yew,
Managing Director

Tan Sri Dato' Lim Kang Yew, a Malaysian and aged 54 was appointed to the Board on 10 March 1987 and as Managing Director on 12 December 1994. He has more than 20 years of experience in the construction industry. After completing his secondary educations, he started with his own construction company mainly involved in civil engineering and building works and established good working relationship with some government agencies. His vast experiences in this field have proven to be invaluable to the Group. He is currently a Non-Executive Director of TSR Capital Bhd and also a director of several other private limited companies.

Tan Sri Dato' Lim Kang Yew is deemed to be interested in the related party transactions disclosed on page 76 of the Annual Report. He is the brother of Dato' Lim Kang Hoo and Dato' Lim Kang Poh. He is an uncle to Mr. Lee Hun Kheng. The interest of Tan Sri Dato' Lim Kang Yew in the Company is disclosed on page 26 of the Annual Report.

Dato' Lim Kang Hoo,
Non-Independent Non-Executive Director

Dato' Lim Kang Hoo, a Malaysian and aged 56 was appointed to the Board on 28 May 2004. He is a businessman with over 30 years of experience in the construction and machinery related industry. He started his involvement in the construction industry soon after completing his secondary educations, assisting the family construction business. His dynamism and vision coupled with hard work saw the companies that he lead grow by leaps and bound. Ekovest Bhd and Knusford Bhd which are listed on the main board of Bursa Malaysia are results of his involvement. At present, he is the Executive Chairman of Ekovest Bhd and an Executive Director of Knusford Bhd and also a director of several other private limited companies.

Dato' Lim Kang Hoo is deemed to be interested in the related party transactions disclosed on page 76 of the Annual Report. He is the brother of the Tan Sri Dato' Lim Kang Yew and Dato' Lim Kang Poh. Dato' Lim Kang Hoo does not hold any shares in PLS. He is an uncle to Mr. Lee Hun Kheng.

directors' profile

Dato' Lim Kang Poh,
Non-Independent Non-Executive Director

Dato' Lim Kang Poh, a Malaysian and aged 54 was appointed to the Board on 6 October 2005. After completing his secondary educations, he started his career in the construction industry in 1976 under Tasja Sdn Bhd. At present, he is the Deputy Executive Chairman of Astral Asia Bhd and director of several other private limited companies.

Dato' Lim Kang Poh is deemed to be interested in the related party transactions disclosed on page 76 of the Annual Report. He is the brother of Tan Sri Dato' Lim Kang Yew and Dato' Lim Kang Hoo. He is an uncle to Mr. Lee Hun Kheng. The interest of Dato' Lim Kang Poh in the company is disclosed on page 26 of the Annual Report.

Dato' Haji Ibrahim bin Haji Keling,
Independent Non-Executive Director

Dato' Haji Ibrahim bin Haji Keling, a Malaysian and aged 73 was appointed to the Board on 15 November 1994. He graduated with a Bachelor of Commerce degree and a Diploma in Business Administration in 1969 both from the Victoria University of Wellington, New Zealand. He also attended a senior management course at Cambridge University, England in 1975/1976, and a Senior Managerial Program conducted by the Harvard Business School in 1988. He retired in 1993 where the last position he held was as Director of Management Service Department, FELDA. He also sat on the Board of Perbandanan Binaan Felda. Currently, he is a Director of several other private limited companies.

He does not have any family relationship with any of the directors and / or substantial shareholder of the Company. Dato' Haji Ibrahim bin Haji Keling does not hold any shares in PLS.

Encik Hisham bin Mahmood,
Independent Non-Executive Director

Encik Hisham bin Mahmood, a Malaysian and aged 52 was appointed to the Board on 4 March 1997. He graduated with a Bachelor of Arts Degree in Economics from University of Kent, Canterbury, United Kingdom. He started his career in the Corporate Advisory Department of Malaysian International Merchant Bankers Berhad and later ventured into his own family business which deals in the tender of military equipment for the Malaysian Armed Forces as well as the supply of pipelines and tubular goods for the oil and gas industry. He is currently also a director of several other private limited companies.

He does not have any family relationship with any of the directors and / or substantial shareholders of the Company. Encik Hisham bin Mahmood does not hold any shares in PLS.

directors' profile (cont'd)

Mr Lee Hun Kheng,
Executive Director

Mr. Lee Hun Kheng, a Malaysian and aged 34, joined to the Board on 1 August 2008. He graduated with a Degree in Mechanical Engineering from University of Monash, Melbourne, Australia in 2000. Upon his return to Malaysia, he commenced his career as a Sales Engineer in a Public Listed company specializing in Rental, Sales and Reconditioning of heavy and light machineries. During his 3 years service with the company, he has learnt commercial knowledge and marketing skills while providing machinery technical support and training to the users. Besides, he is also actively involved in new business development such as machinery product distributorship.

He then joined Aramijaya Sdn Bhd in 2003, a subsidiary of PLS Plantations Berhad as a Marketing Manager, responsible for setting up new accounts of timber products, both domestic and export market. As part of plantation project research and development, he has explored various timber industries to increase product line as well as introducing modern timber processing systems to the company. Subsequently, he was appointed as the Executive Director and Chief Executive Officer of Aramijaya Sdn Bhd, positions that he currently hold.

He is the nephew of Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew and Dato' Lim Kang Poh. Save for the above, he does not have any family relationship with any other directors of the Company.

Miss Kang Hui Ling,
Independent Non-Executive Director

Miss Kang Hui Ling, a Malaysian and aged 39, joined the Board on 6 April 2005. She holds a Bachelor of Accounting (Hons) Degree from University of Malaya in 1997. She is a member of the Malaysian Institute of Certified Public Accountant and the Malaysian Institute of Accountants. Since her graduation, she acquired 4 years of audit experience in one of the big four audit firm. As audit senior associate, she also gained exposure in field of operation audit and financial due diligence. Subsequently she joined a medium size multinational consultancy firm as the Finance and Admin Manager where she was responsible for establishing and implementing the company's accounting and operating policies and procedures. She is presently a partner of a professional firm registered with Malaysian Institute of Accountants. She is also an independent Non-Executive Director of Ekovest Berhad and Knusford Berhad.

She does not have any family relationship with any of the directors and / or substantial shareholders of the Company. Miss Kang Hui Ling does not hold any shares in PLS.

Puan Norliza Binti Suleiman,
Non-Independent
Non-Executive Director

Puan Norliza Binti Suleiman, a Malaysian and aged 46, was appointed to the Board on 28th May 2009. She is a Fellow member of the Chartered Association of Certified Accountant ("FCCA").

Puan Norliza Binti Suleiman started her career as an Audit Assistant at Ivory Barry & Company, an audit firm in London. Upon her return to Malaysia in 1989, she joined Coopers & Lybrand, Johor Bahru until 1993. Subsequently, she joined Tharra Holdings Sdn Bhd, a company involved in the medical services as Finance Manager.

Puan Norliza Binti Suleiman joined Kumpulan Prasarana Rakyat Johor Sdn Bhd ("KPRJ") in July 1996. Currently, Puan Norliza Binti Suleiman holds the post of Group General Manager and the Company Secretary for KPRJ and Group Financial Controller for Tebrau Teguh Berhad. She also sits on the board of several private limited companies.

Puan Norliza Binti Suleiman is deemed to be interested in the related party transactions disclosed on page 76 of the Annual Report. She does not have any family relationship with any of the directors and/ or substantial shareholders of the Company. Puan Norliza Binti Suleiman does not hold any shares in PLS.

Conflict of Interest

There is no conflict of interest between the directors and the Group except for the related party transactions as disclosed on page 76 of the Annual Report.

Conviction for Offences

Non of the directors has been convicted for any offences (expect traffic offences) within the last ten years.

statement on corporate governance

The Board of Directors ("Board") recognises the importance of adopting the principles and best practices of the Malaysian Code of Corporate Governance ("Code") and is fully committed in ensuring that highest standards of corporate governance as set out in the Code are observed and practiced throughout the Group to safeguard and enhance shareholders' value.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent to which it has complied with the best practices of good governance as set out in the Code.

A) BOARD OF DIRECTORS

The Board

PLS Plantations Berhad ("PLS") is led and managed by an experienced and qualified Board comprising of members with a wide range of experience in business, construction and finance. The wide spectrum of skills and experience of the Directors have brought expertise and perspective to the leadership of PLS. A brief profile of each Director is set out in pages 8 to 10 of this Annual Report.

The Board is responsible to ensure that PLS and its Group of Companies are in compliance with the Malaysian Code of Corporate Governance. The Board is also responsible for the policies and general affairs of PLS and retains full and effective control of the Company.

Composition

The Board is made up of nine (9) members, led by an Executive Chairman, Managing Director, Executive Director, three (3) Non-Independent Non- Executive Directors and three (3) Independent Non-Executive Directors.

Board Balance

Affirmative actions have been taken by the Board to ensure that qualified independent individuals are appointed as Directors of the Company. The current composition of the Board is in compliance with the Code and the Bursa Malaysia Securities Berhad ("Bursa Securities") requirements in respect of having at least one-third (1/3) of the membership of the Board comprising independent directors.

Size of Non-Executive Participation

To ensure Board balance, the Directors have given close consideration to the size of the non- executive participation in the Board. With the current composition of the Board, no individual is allowed to dominate the Board's decision making. The Board is satisfied that the current Board composition reflects the interest of the public shareholders of the Company.

Board Meetings

The Board meets on a scheduled basis at least four (4) times a year, with additional meetings convened when necessary. Five (5) Board Meetings were held during the financial year ended 31 March 2011. Details of the attendance of the Directors are as follows:

statement on corporate governance (cont'd)

A) BOARD OF DIRECTORS (CONT'D)

Board Meetings (Cont'd)

Members of the Board	Status	Attendance
1. Haji Johar Salim Bin Yahaya	Executive Chairman	3/5
2. Tan Sri Dato' Lim Kang Yew	Managing Director	4/5
3. Dato' Haji Ibrahim Bin Haji Keling	Independent Non-Executive Director	5/5
4. Encik Hisham Bin Mahmood	Independent Non-Executive Director	5/5
5. Miss Kang Hui Ling	Independent Non-Executive Director	5/5
6. Dato' Lim Kang Hoo	Non-Independent Non-Executive Director	5/5
7. Dato' Lim Kang Poh	Non-Independent Non-Executive Director	3/5
8. Mr. Lee Hun Kheng	Executive Director	4/5
9. Pn. Norliza Binti Suleiman	Non-Independent Non-Executive Director	5/5

Besides Board meetings, the Board also exercise control on matters that require Board's approval through circulation of Directors' Resolutions.

Conduct of Meetings

It has been the practice of the Board that when a potential conflict of interest arises, it is mandatory for the Director concerned to declare his or her interests and abstain from further discussion and the decision making process.

The Board has access to the advice and services of the Company Secretaries who are responsible for ensuring that the Board meetings are conducted in accordance with procedures and that all applicable rules and regulations are adhered to. The Company Secretaries maintain minutes and record all resolutions passed at the Board meetings.

Supply of Information

Heads of each department, division and subsidiary of the Company are required to submit their reports at the scheduled Board meetings where required.

Access to Information

All Directors are provided with an agenda and board papers prior to every Board meeting to enable the Directors to obtain further information on major financial, operational and corporate matters as well as on the activities and performance of the Group and Company. This is in addition to the schedule of matters specifically reserved for the Board's decision.

Access to Advice

The Board is given unlimited access to all staff of the Group and Company to obtain any information pertaining to the Company's or the Group's affairs. In addition to the advice and services of the Company Secretaries, the Directors may also seek independent advice from external source should the need arises.

Appointment and Re-election of Directors

The Listing Requirements of Bursa Securities provides that each Director, including the Managing Director and/or Executive Directors, shall retire from office at least once in every three years and he/she can offer himself/herself for re-election. Directors who are newly appointed by the Board are subjected to re-election by the shareholders at the Annual General Meeting held following their appointment.

B) BOARD COMMITTEES

The following Board Committees have been established to assist the Board in the discharge of its duties and execution of specific responsibilities.

Audit Committee

The composition, terms of reference and functions of the Audit Committee are discussed in the Audit Committee Report set out on pages 20 to 22 of this Annual Report.

Nomination Committee

The duties of the Nomination Committee include considering candidates for Board vacancies and recommending all Board appointments to the Board of Directors. The Board will consider such recommended appointments and approve if they are found to be appropriate and suitable. The Nomination Committee works under clearly defined terms of reference, which has been approved by the Board.

The members of the Nomination Committee, all of whom are Independent Non-Executive Directors, are as follows:

1. Dato' Haji Ibrahim bin Haji Keling *(Chairman)*
2. Encik Hisham bin Mahmood
3. Miss Kang Hui Ling

Remuneration Committee

The duties of the Remuneration Committee is to ensure that the remuneration of the Directors commensurate with the skills, experience and responsibilities of the Directors. The Directors concerned would abstain from discussion pertaining to their own remuneration. The Remuneration Committee works under clearly defined terms of reference, which has been approved by the Board.

The members of the Remuneration Committee, a majority of whom are Independent Non-Executive Directors, are as follows:

1. Dato' Haji Ibrahim Bin Haji Keling *(Chairman)*
2. Encik Hisham Bin Mahmood
3. Miss Kang Hui Ling
4. Tan Sri Dato' Lim Kang Yew

C) DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme and the Continuing Education Programme as prescribed by Bursa Securities.

During the financial year, the Company organised a training course entitiled 'Update on Financial Reporting Standards' conducted by Advent Consulting Group for all the Directors and management. Directors also attended field trips to the Company's sites to familiarise with the various business operations. In addition, the following directors have also attended the following training programmes:-

Tan Sri Dato' Lim Kang Yew Dato' Lim Kang Poh	Brief Update on 2011 Tax Budget, Corporate Governance Guide and Internal Audit Roles
Dato' Lim Kang Hoo Miss Kang Hui Ling	High Performance Control System
Pn. Norliza Binti Suleiman	Risk Management & Controls – Concepts & Application

The Company will continue to arrange further development and training programmes for the Directors in order to update and enhance their skills and knowledge, which are important for carrying out their role effectively as a Director.

D) DIRECTORS' REMUNERATION

The Board as a whole determines the remuneration of each Director upon recommendation of the Remuneration Committee. Directors do not participate in decisions regarding their own remuneration packages.

Directors' fees are proposed for approval by the shareholders at the Company's Annual General Meeting, based on the recommendation of the Board.

Details of the remuneration of the Directors during the financial year ended 31 March 2011 are as follows:

	Fees (RM)	Salaries (RM)	Bonus (RM)	Benefit in kinds (RM)	Other emoluments (RM)	Total (RM)
Executive Directors	-	534,000	30,000	45,400	-	609,400
Non Executive Directors	35,000	-	-	-	-	35,000

Number of Directors whose total remuneration falls within the following bands:

	Number of Directors	
Remuneration Bands	**Executive**	**Non Executive**
Up to RM50,000	1	6
RM100,000 to RM150,000	1	-
RM450,000 to RM500,000	1	-

E) ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, investors and regulatory authorities, the Board of Directors aims at presenting a balanced and understandable assessment of the position and prospects of the Company and the Group. The Statement of Directors' Responsibilities pursuant to Section 169 of the Companies Act, 1965 is set out at page 15 of this Annual Report.

Internal Control

The Board is responsible in ensuring that the system of internal controls is in place and that its effectiveness be constantly reviewed to ensure the adequacy of the system. The review on the system of internal controls is set out under the Statement on Internal Control on pages 18 to 19 of this Annual Report.

Relationship with the Auditors

The Board has established and maintains an active, transparent and professional relationship with the auditors, both external and internal, through the Audit Committee.

The External Auditors attend the Audit Committee Meetings at least twice a year and meet the Audit Committee without the presence of the management. The External Auditors are given access to books and records of the Group and Company at all times. The Board, through the Audit Committee, also seeks the External Auditors' professional advice in ensuring compliance with the appropriate accounting standards in Malaysia and the provisions of the Companies Act, 1965.

F) RELATIONSHIP WITH SHAREHOLDERS

Dialogue between Company and Investors

PLS recognises its responsibility to its shareholders. The timely release of quarterly financial results of the Group and Company and the issue of the Group and Company's Annual Reports provide regular information on the state of affair of the Group and the Company. All of these together with announcements to Bursa Securities, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are principal channels for dissemination of information to shareholders, investors and the public in general.

Annual General Meeting

Notice of Annual General Meeting and the Annual Report are sent out to the shareholders in accordance with the time period prescribed by law.

The shareholders are encouraged to attend the Annual General Meeting as it serves as an important avenue for the shareholders to communicate with the members of the Board. The Chairman includes in his agenda and allocates time for a question and answer session for each item in the agenda, whereby shareholders have the opportunity to raise questions, and seek clarification on business and performance of the Group and Company. The Chairman will respond to any questions raised during the meeting.

G) STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

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

The Directors considers that in preparing the financial statements, the Group has:

- Applied appropriate accounting policies consistently;
- Made reasonable and prudent judgements and estimates; and
- Considered that all applicable approved accounting standards have been adhered to.

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

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

H) COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE AND BURSA SECURITIES LISTING REQUIREMENTS

The Board of Directors is committed to ensure that Corporate Governance are observed and practised by PLS and its Group of Companies so that the affairs of the Group are conducted with integrity, full transparency and professionalism with the main objective of safeguarding the interest of shareholders.

The Group and Company were in compliance throughout the financial year ended 31 March 2011 with the principles and best practices as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance and Bursa Securities requirements except the following:

H) COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE AND BURSA SECURITIES LISTING REQUIREMENTS (CONT"D)

Ref. to the Code	Details	Reasons
Part 1, BIII	Details of individual Directors' remuneration are not disclosed.	The Board is of the opinion that the existing information on Directors' remuneration is sufficient to cater to the transparency and accountability of the Malaysian Code on Corporate Governance.

I) ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Securities, the following are additional information in respect of the financial year ended 31 March 2011 to be disclosed in this Annual Report:

1. **Utilisation of Proceeds**

   The Company had fully utilised the proceeds from Rights Issue that was further extended to 13 February 2011, during the financial year ended 31 March 2011.

2. **Share Buy Back**

   The Company did not carry out any share buy back during the financial year.

3. **Options, Warrants or Convertible Securities**

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

4. **Depository Receipt Programme**

   The Company did not participate in any Depository Receipt Programme during the financial year.

5. **Sanctions and/or Penalties**

   There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year under review.

6. **Non-Audit Fees**

   In the financial year under review, the External Auditors were appointed to review the Statement of Internal Control and Realised and Unrealised Profits or Losses as required by Bursa Securities Listing Requirements. The amount of non-audit fee incurred was RM3,000.

7. **Variation in Results**

   There was no significant variation in the financial results of the Company and the Group as compared to the previously announced unaudited profit.

8. **Profit Guarantee**

   There was no profit guarantee given by the Company in respect of the financial year ended 31 March 2011.

9. **Revaluation policy on landed properties**

   The Company did not adopt any revaluation policy on landed properties.

I) ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

10. Recurrent related party transactions

At the 23rd General Meeting of the Company held on 24 September 2010, the Company had obtained shareholders approval for the renewal of the mandate to enter into recurrent related party transactions of revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business with related parties. The said mandate takes effect on 24 September 2010 until the conclusion of the forthcoming Annual General Meeting of the Company.

The Company is seeking shareholders` approval to renew the existing mandate for recurrent related party transactions of revenue or trading nature at the forthcoming Annual General Meeting to be held on 29 September 2011. The details of the shareholders` mandate to be sought are furnished in the Circular to shareholders dated 7 September 2011, accompanying this Annual Report.

The aggregate values of transactions conducted pursuant to the shareholders` mandate during the financial year ended 31 March 2011 are disclosed on page 76 of this Annual Report.

11. Material Contracts

Save for the following, the Board has confirmed that neither Company nor its subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business of the Company or its subsidiaries) during the two (2) years immediately preceding the date hereof:

The Company's subsidiary, Aramijaya Sdn Bhd ('ASB") had on 3rd August 2010 entered into a Sub-Development Agreement with YPJ Holdings Sdn Bhd ("YPJH") to develop approximately 30,000 acres of forest plantation in the State of Johor for planting of rubber trees and/or timber species for a period of 30 years vide the Rights of Use Agreement ("ROU") signed between Yayasan Pelajaran Johor ("YPJ") and the Johor State Government on the 13th January 2009, for the maximum cash consideration of RM3,000,000.00 calculated based on RM100.00 per acre of the Plantable area (area forming part or parts of the land for planting rubber trees and/or timber species). The Sub-Development Agreement shall carry an option to extend for a further period of 30 years in the event the option for the extension is exercised under the ROU Agreement.

12. Material Contracts Relating to Loans

There were no material contracts relating to loan entered into by the Company and its subsidiaries involving Directors and major shareholders.

13. Corporate Social Responsibility

The Company only carries out general activities in relation to corporate social responsibility and will only endorse those actions and projects that benefits the society at large.

statement on internal control

Paragraph 15.26(b) of Bursa Malaysia Listing Requirements requires the Board of Directors of a public listed company to include in its annual report a statement about the state of internal control of the listed issuer as a group. The Board is pleased to provide the following statements, which outlines the nature and scope of internal control of the Group during the financial year.

The Board acknowledges its responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity. Such a system however can only provide reasonable and not absolute assurance because of limitation inherent in any system of internal controls against material misstatements or loss and is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board has established key activities to ensure the process for reviewing and reporting on the adequacy and integrity of the system of internal control are defined, appropriately documented and monitored or reviewed.

The Board has formalised a comprehensive Enterprise Risk Management Framework that takes into account all significant aspects of internal control including risks assessment, the control environment and control activities, information and communication and monitoring. Key business risks have been categorised to highlight the source of the risk, and scored to reflect both financial and reputational impact of the risk and the likelihood of its occurrence.

The Audit Committee continuously evaluates and monitors the significant risks and controls through a formalised monitoring and reporting process. Reviews are conducted by the Audit Committee on a quarterly basis, with additional reviews as and when required.

These initiatives would ensure that the Group has in place a formalised ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

The Group's system of internal controls comprises the following key elements which are monitored:

1. **Project Budget**

   Budget is prepared for each project undertaken by the Group to facilitate monitoring of the Group's financial performance. The Management headed by the Managing Director reviews and monitors the achievements of the Group's performance and reports to the Board.

2. **Financial Limits and Approving Authority**

   The Board had established Limit of Authorities defining authorization limits for its revenue and capital expenditure to ensure all revenue and capital expenditure are in line with the Group's overall strategies and objectives.

3. **Policies, Procedures and Guidelines**

   The Board had established principal tendering and procurement policies, procedures and guidelines.

statement on internal control (cont'd)

4. **Information and Communication**

   Financial and operational information systems are in place to capture and present timely internal and external business information. Clear reporting structure enables the financial and operational reports are prepared and presented to the Board or Management for discussion and review on a quarterly basis.

5. **Internal Audit**

   The Group has outsourced its internal audit function to Advent Corporate Advisory Sdn. Bhd. with the objective to provide the Board with much of the assurance it requires regarding the adequacy and effectiveness of risk management and internal control. The internal audit independently reviews risk identification procedures and control processes implemented by the management, and reports to the Audit Committee on a quarterly basis. The results and any corrective action to address the risk and control issues identified during the audit are reported directly to the Audit Committee. The Audit Committee reviews the reports from the internal audit function, before making recommendations to the Board in strengthening the risk management and internal control.

6. **Board / Management Committees and Meetings**

   (i) Audit Committee

   The Board has established an Audit Committee comprising three (3) Independent Non Executive Directors. Details of composition, terms of reference and report of the Audit Committee are provided at page 20 to 22 of this Annual Report. The recommendations of the Audit Committee are tabled to the Board for its approval.

   (ii) Project and Financial Meetings

   The Senior Management presents their respective project reviews, operation performance reviews and the progress of the projects undertaken, to the Board at the Project and Financial meetings which are held on a quarterly basis. The Accountant presents the overall Group's financial performance at the meetings.

Conclusion

There was no material losses reported during the current financial year as a result of weaknesses in internal control. The management continues to take measures to strengthen the internal control environment of the Group.

audit committee report

The Audit Committee was established by the Board of Directors on 16 November 1994 with the primary objectives to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of PLS Plantations Berhad and oversee the compliance with the relevant rules and regulations governing listed companies.

The members of the Audit Committee are as follows:

Chairman

1. Dato' Haji Ibrahim Bin Haji Keling
   (Independent Non-Executive Director)

Members

2. Encik Hisham Bin Mahmood
   (Independent Non-Executive Director)

3. Miss Kang Hui Ling
   (Independent Non-Executive Director / Member of the Malaysian Institute of Accountants)

TERMS OF REFERENCE

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

1. ***Size and Composition***

   The Board shall by resolution appoint members to the Audit Committee, which shall comprise of at least three (3) members, all of whom must be Non-Executive Directors with a majority of them being Independent Directors.

   All members of the Audit Committee are financially literate and at least one is a member of the Malaysian Institute of Accountants.

   The Audit Committee shall elect a chairperson from among its members who is an Independent Director.

2. ***Meetings***

   The Audit Committee may invite any person to attend the meetings. A quorum shall be two members, both being Independent Directors. The Company Secretary or any person appointed by the Audit Committee for this purpose shall act as secretary of the Audit Committee. However, the Audit Committee should meet with the external auditors without the Executive Board members' presence at least twice a year.

3. ***Authority***

   The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.

4. ***Access***

   The Audit Committee shall have unlimited access to all information and documents relevant to its activities, to the External and Internal Auditors, and to Senior Management of the Company and its subsidiaries. The Audit Committee is also authorised to take such independent professional and legal advice as it considers necessary.

FUNCTIONS OF AUDIT COMMITTEE

The functions of the Audit Committee shall be:

1. Review the following and report the same to the Board of Directors:

    a. with the External Auditors, the scope and audit plan, including any changes on the planned scope of the audit plan;

    b. with the External Auditors, their audit report;

    c. the competency of the internal audit function and evaluate the authority it requires to carry out all necessary work to ensure the function can be discharged effectively;

    d. the internal audit programme, processes, the results of the internal audit activities or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

    e. the assistance given by the employees of the Company to the External and Internal Auditors;

    f. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

        i. changes in or implementation of major accounting policies;
        ii. significant and unusual events; and
        iii. compliance with the accounting standards and other legal requirements;

    g. any related party transaction and conflict of interest situation that may arise within the Company or Group 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 are not suitable for re-appointment.

2. Recommend the nomination of External Auditors.

3. Reviewing the nomination of the Internal Auditors.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee meets on quarterly basis with additional meetings held as and when necessary. A total of five (5) meetings were held during the financial year ended 31 March 2011. The representatives of External Auditors and Internal Auditors, the Company Secretaries and the Head of Group Finance were invited to meetings during deliberations, which required their input and advice.

During the financial year ended 31 March 2011, the activities of the Audit Committee covered, among others, the following:

a. Reviewed financial statements including quarterly financial announcements to the Bursa Malaysia Securities Berhad and year end financial statements and recommend the same for approval by the Board of Directors, upon being satisfied that, inter alia, the financial reporting and disclosure requirements of the relevant authorities had been complied with.

b. Reviewed the External Auditors' reports in relation to their audit findings and the accounting issues arising from the audit.

c. Reviewed audit plan prepared by the External Auditors before the audit commences.

d. Reviewed audit fees of the External Auditors.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

During the financial year ended 31 March 2011, the activities of the Audit Committee covered, among others, the following: (Cont'd)

e. Reviewed the annual internal audit plan including its scope, basis of assessments and risks ratings of the proposed areas of audit.

f. Reviewed audit reports prepared by the Internal Auditors and the consideration of the major findings and the Management's response thereto.

ATTENDANCE AT MEETINGS

During the year ended 31 March 2011, the Audit Committee convened five (5) meetings. The attendances of the members of the Committee meetings during the financial year were as follows:

Name of Committee Member	Attendance
Dato' Haji Ibrahim Bin Haji Keling	5/5
Encik Hisham Bin Mahmood	5/5
Miss Kang Hui Ling	5/5

INTERNAL AUDIT FUNCTION

The internal audit function of the Group and Company is outsourced to Advent Corporate Advisory Sdn Bhd, an independent professional service provider, with the primary objective of monitoring a sound and systematic method of internal controls over the Group and Company. The costs incurred for the Internal Audit Function in respect of the financial year was RM21,000.00.

During the financial year, the Internal Auditors had carried out audits according to the internal audit plan, which had been approved by the Audit Committee. Internal audits were done on:

- Tender and selection of contractors/suppliers cycle with the objective of ensuring adequate policies and procedures are in place for tendering process and fair selection of suitable sub-contractors/suppliers to support the Group's business objectives.

- Project planning and monitoring cycle with the objective of ensuring adequate policies and procedures are in place for projects to be carried out and completed in accordance to contract awarded to support the Group's business objectives.

- Other cycles with the objective of ensuring adequate policies and procedures are in place for human resource, fixed assets management, accounting and cash management to support the Group's business objectives.

- All significant aspects of internal control including risks management, the control environment and control activities, information and communication and monitoring.

The resulting reports from the audits undertaken were forwarded to the Management for attention and necessary corrective actions as recommended. The Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame.

financial statements

directors' report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st March 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the undertaking of civil engineering and construction works, whilst the principal activities of the subsidiaries are as stated in Note 12 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	11,416	9,235
Other comprehensive income, net of tax	-	-
Total comprehesive income for the financial year	11,416	9,235
Attributable to:		
Owners of the Company	10,054	9,235
Minority interests	1,362	-
	11,416	9,235

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31st March 2011.

RESERVES AND PROVISIONS

All material transfer to and from the reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

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 to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment on receivables, and had satisfied themselves that all known bad debts had been written off and adequate allowance for impairment had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for impairment on receivables, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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 to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year, other than those disclosed in Note 34 to the financial statements.

No contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS

The directors in office since the date of the last report are:-

Haji Johar Salim bin Yahaya
Tan Sri Dato' Lim Kang Yew
Dato' Haji Ibrahim bin Haji Keling
Dato' Lim Kang Hoo
Hisham bin Mahmood
Kang Hui Ling
Dato' Lim Kang Poh
Lee Hun Kheng
Norliza Binti Suleiman

directors' report
(cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of those directors who held office at the end of the financial year in shares in the Company during the financial year ended 31st March 2011 are as follows:-

	Number of ordinary shares of RM0.20/- each			
	At 1.4.2010	Additions	Disposals	At 31.3.2011
The Company				
Direct interest				
Tan Sri Dato' Lim Kang Yew	36,175,000	-	-	36,175,000
Dato' Lim Kang Poh	27,073,000	-	(4,750,000)	22,323,000
Indirect interest				
Lee Hun Kheng	74,970,000	-	-	74,970,000
Dato' Lim Kang Hoo	25,000	-	(25,000)	-

By virtue of their interest in the shares of the Company, Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh and Lee Hun Kheng are also deemed interested in the shares of the subsidiaries during the financial year to the extent that PLS Plantations Berhad has an interest.

Other than as disclosed as above, none of the other directors in office at the end of the financial year had any interest in the shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company 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 shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

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HAJI JOHAR SALIM BIN YAHAYA
Director

....

TAN SRI DATO' LIM KANG YEW
Director

Kuala Lumpur
Date: 27th July 2011

statements of financial position

as at 31st March 2011

	Note	Group 31.3.2011 RM'000	Group 31.3.2010 RM'000 Restated	Group 1.4.2009 RM'000 Restated	Company 31.3.2011 RM'000	Company 31.3.2010 RM'000 Restated	Company 1.4.2009 RM'000 Restated
ASSETS							
Non-current assets							
Property, plant and equipment	4	22,216	18,603	20,863	2,481	2,698	2,598
Intangible assets	5	1,223	1,223	1,223	-	-	-
Prepaid lease payments	6	6,962	7,556	8,148	-	-	-
Plantation development expenditure	7	74,116	49,740	35,504	-	-	-
Investment property	8	492	505	518	492	505	518
Forest plantation project	9	30,282	30,454	30,766	-	-	-
Deferred interests	10	-	10,457	11,675	-	-	-
Deferred tax assets	11	1,022	6,953	-	639	3,519	-
Investment in subsidiaries	12	-	-	-	1,440	1,440	1,491
Performance deposits	13	52,500	52,500	52,500	-	-	-
Amount due from a subsidiary	14	-	-	-	50,634	35,000	-
Total non-current assets		188,813	177,991	161,197	55,686	43,162	4,607
Current assets							
Inventories	15	2,941	4,116	7,186	-	-	-
Amount due from customers for contract works	16	19	1,343	368	-	-	368
Trade and other receivables	17	49,004	6,775	4,291	6,458	1,450	1,481
Amount due from a subsidiary	14	-	-	-	2,026	774	27,499
Tax recoverable		236	259	277	237	259	277
Fixed deposits placed with licensed banks	18	43,215	30,400	19,868	42,162	29,347	18,815
Cash and bank balances		8,431	27,783	14,642	1,522	18,579	13,889
Total current assets		103,846	70,676	46,632	52,405	50,409	62,329
TOTAL ASSETS		**292,659**	**248,667**	**207,829**	**108,091**	**93,571**	**66,936**

statements of financial position
as at 31st March 2011 (cont'd)

	Note	Group 31.3.2011 RM'000	Group 31.3.2010 RM'000 Restated	Group 1.4.2009 RM'000 Restated	Company 31.3.2011 RM'000	Company 31.3.2010 RM'000 Restated	Company 1.4.2009 RM'000 Restated
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	19	65,340	65,340	65,340	65,340	65,340	65,340
Reserves	20	26,501	16,289	3,739	15,442	6,049	(3,590)
Minority interests		5,870	4,508	3,026	-	-	-
Total equity		97,711	86,137	72,105	80,782	71,389	61,750
Non-current liabilities							
Amount due to Johor State Government	21	26,524	40,303	46,061	-	-	-
Amount due to a related party	22	-	5,000	10,000	-	-	-
Borrowings	23	40,177	27,210	19,027	159	231	44
Deferred tax liabilities		-	-	347	-	-	-
Total non-current liabilities		66,701	72,513	75,435	159	231	44
Current liabilities							
Amount due to customers for contract works	16	16,681	3,152	-	13,046	3,558	-
Trade and other payables	24	61,182	40,252	21,834	8,997	15,820	4,549
Amount due to a subsidiary	25	-	-	-	4,936	2,381	232
Amount due to Johor State Government	21	4,539	5,757	2,193	-	-	-
Amount due to a related party	22	45,000	40,000	35,000	-	-	-
Amount due to directors	26	3	-	-	-	-	-
Borrowings	23	795	856	1,262	171	192	361
Tax payable		47	-	-	-	-	-
Total current liabilities		128,247	90,017	60,289	27,150	21,951	5,142
Total liabilities		194,948	162,530	135,724	27,309	22,182	5,186
TOTAL EQUITY AND LIABILITIES		292,659	248,667	207,829	108,091	93,571	66,936

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

statements of comprehensive income

for the financial year ended 31st March 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue					
- Construction income		106,452	43,444	41,292	29,040
- Sales of timber products		16,927	19,411	-	-
- Logging income		-	263	-	-
Cost of sales					
- Contract costs recognised as expense		(88,386)	(33,022)	(28,461)	(21,496)
- Cost of goods sold		(11,561)	(18,196)	-	-
Gross profit		23,432	11,900	12,831	7,544
Interest income		1,151	413	3,043	1,046
Other income		930	2,017	276	1,047
Administrative expenses		(3,579)	(3,228)	(1,749)	(1,209)
Finance costs	27	(1,456)	(1,371)	(29)	(25)
Other expenses		(2,741)	(2,889)	(1,980)	(2,173)
Profit before taxation	28	17,737	6,842	12,392	6,230
Taxation	30	(6,321)	7,190	(3,157)	3,409
Net profit for the financial year		11,416	14,032	9,235	9,639
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial year		11,416	14,032	9,235	9,639
Net profit for the financial year attributable to:					
Owners of the Company		10,054	12,550	9,235	9,639
Minority interests		1,362	1,482	-	-
		11,416	14,032	9,235	9,639
Total comprehensive income for the financial year attributable to:					
Owners of the Company		10,054	12,550	9,235	9,639
Minority interests		1,362	1,482	-	-
		11,416	14,032	9,235	9,639
Earnings per share attributable to owners of the Company (sen per share)	31				
- basic		3.08	3.84	-	-
- diluted		3.08	3.84	-	-

statements of changes in equity

for the financial year ended 31st March 2011

	Attributable to Owners of the Company				
	Share Capital RM'000	**Share Premium RM'000**	**Distributable (Accumulated Losses)/ Retained Profits RM'000**	**Minority interests RM'000**	**Total RM'000**
Group					
At 1st April 2009	65,340	4,621	(882)	3,026	72,105
Total comprehensive income for the financial year	-	-	1 2,550	1,482	14,032
At 31st March 2010	65,340	4,621	11,668	4,508	86,137
Effects from adoption of FRS139 (Note 2.2a)	-	-	158	-	158
Total comprehensive income for the financial year	-	-	10,054	1,362	11,416
At 31st March 2011	65,340	4,621	21,880	5,870	97,711

	Share Capital RM'000	**Share Premium RM'000**	**Distributable (Accumulated Losses)/ Retained Profits RM'000**	**Total RM'000**
Company				
At 1st April 2009	65,340	4,621	(8,211)	61,750
Total comprehensive income for the financial year	-	-	9,639	9,639
At 31st March 2010	65,340	4,621	1,428	71,389
Effects from adoption of FRS139 (Note 2.2a)	-	-	158	158
Total comprehensive income for the financial year	-	-	9,235	9,235
At 31st March 2011	65,340	4,621	10,821	80,782

The accompanying notes form an integral part of these financial statements

statements of cash flows

for the financial year ended 31st March 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before tax	17,737	6,842	12,392	6,230
Adjustment for:				
Amortisation of prepaid lease payments	594	592	-	-
Amortisation of forest plantation project	172	312	-	-
Amortisation of deferred interests	1,218	1,218	-	-
Bad debt written off	110	-	110	-
Depreciation of property, plant and equipment	1,877	3,387	446	426
Depreciation of investment property	13	13	13	13
Gain on disposal of property, plant and equipment	(276)	(57)	(70)	(5)
(Gain)/loss on disposal of a subsidiary	-	(46)	-	51
Impairment loss on trade receivables	22	-	-	-
Interest expense	238	153	29	25
Interest income	(1,151)	(413)	(3,043)	(1,046)
Property, plant and equipment written off	209	-	209	-
	20,763	12,001	10,086	5,694
Changes in working capital:				
Inventories	1,175	3,070	-	-
Trade and other receivables	(42,424)	(2,921)	(5,181)	124
Trade and other payables	21,220	19,314	(6,533)	13,420
Amount due to Johor State Government	(5,758)	(2,194)	-	-
Amount due from/(to) contract customers	14,853	1,809	9,488	3,558
Cash generated from operations	9,829	31,079	7,860	22,796
Tax paid	(320)	(92)	(255)	(92)
Net Operating Cash Flows	9,509	30,987	7,605	22,704

statements of cash flows
for the financial year ended 31st March 2011 (cont'd)

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,082	413	2,974	1,046
Proceeds from disposal of property, plant and equipment	911	78	70	5
Acquisition of property, plant and equipment *	(6,026)	(1,155)	(158)	(71)
Additions to plantation development expenditure	(23,834)	(13,763)	-	-
Net advances to subsidiaries	-	-	(14,331)	(8,000)
Disposal of a subsidiary, net of cash and cash equivalents disposed (Note 12)	-	(41)	-	-
Net Investing Cash Flows	(27,867)	(14,468)	(11,445)	(7,020)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Advances from directors	3	-	-	-
Increase in pledged deposits placed with licensed banks	(2)	(116)	(2)	(116)
Interest paid	(238)	(153)	(29)	(25)
Proceeds from drawdown of term loan	13,202	8,666	-	-
Repayments of finance lease liabilities	(1,146)	(1,359)	(373)	(437)
Net Financing Cash Flows	11,819	7,038	(404)	(578)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,539)	23,557	(4,244)	15,106
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	57,014	33,457	47,810	32,704
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	50,475	57,014	43,566	47,810
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Fixed deposits with licensed banks	43,215	30,400	42,162	29,347
Cash and bank balances	8,431	27,783	1,522	18,579
	51,646	58,183	43,684	47,926
Less: Fixed deposits held as security value (Note 18)	(1,171)	(1,169)	(118)	(116)
	50,475	57,014	43,566	47,810

* *During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM6,876,000/- and RM438,000 (2010: RM1,625,000/- and RM526,000/-) respectively, of which RM850,000/- and RM280,000/- (2010: RM470,000/- and RM455,000/-) respectively were acquired by means of finance lease arrangements.*

notes to the financial statements

1. GENERAL INFORMATION

The Company is principally engaged in the undertaking of civil engineering and construction works. The principal activities of the subsidiaries are set out in Note 12 to the financial statements.

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

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 17C, Wisma Limbongan Setia, Jalan SG 3/4, Taman Seri Gombak, 68100 Batu Caves, Selangor Darul Ehsan.

The principal place of business of the Company is located at 17C, Wisma Limbongan Setia, Jalan SG 3/4, Taman Seri Gombak, 68100 Batu Caves, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27th July 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented except for the adoption of new and revised FRSs, amendments/improvements to FRSs and IC Interpretations ("IC Int") that are mandatory for the Group and the Company for the financial period beginning 1st January 2010 as disclosed in Note 2.2 to the financial statements.

2.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported financial year. It also requires the directors' best knowledge of current events and actions, and therefore actual results may differ.

The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT

(a) **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int**

On 1st April 2010, the Group and the Company adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int mandatory for annual financial period beginning on or after 1st January 2010.

<u>New FRSs</u>

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 139	Financial Instruments : Recognition and Measurement

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (CONT'D)

(a) **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int (Cont'd)**

Revised FRSs

FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs

Amendments/Improvements to FRSs

FRS 1	First time Adoption of Financial Reporting Standards
FRS 2	Share-Based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After Reporting Period
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
FRS 128	Investment In Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 138	Intangible assets
FRS 139	Financial Instruments : Recognition and Measurement
FRS 140	Investment Property

IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 – Group and Treasury Share Transactions
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new and revised FRSs, amendments/improvements to FRSs and IC Int do not have a material impact on the financial performance or position of the Group and of the Company except for those as discussed below:-

FRS 7 Financial Instruments: Disclosures

Prior to 1st April 2010, information about financial instruments was disclosed in accordance with the requirements of FRS132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence the new disclosures have not been applied to the comparatives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (CONT'D)

(a) **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int (Cont'd)**

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised directly in the statement of comprehensive income, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or two-linked statements. The Group and the Company have elected to present the statement of comprehensive income in one single statement.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes of managing capital.

The "balance sheets" and "cash flow statements" have been re-titled to "statements of financial position" and "statements of cash flows" respectively.

The revised FRS 101 was adopted retrospectively by the Group and the Company. The change in accounting policy only impacts presentation aspects.

FRS 139 Financial Instruments: Recognition and Measurement

The Group and the Company have adopted FRS139 prospectively in accordance with the transitional provisions in FRS139 for recognising and measuring financial assets and financial liabilities as at 1st April 2010. The changes in accounting policies and effects arising from the adoption of FRS 139 are disclosed below:-

i) Impairment of trade receivables

Prior to 1st April 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

ii) Retention sum receivables and payables

Prior to 1st April 2010, retention sum receivables and payables are carried at cost in the financial statements of the Group and of the Company. Upon the adoption of FRS 139 on 1st April 2010, the retention sum receivables and payables are recorded at their fair values which are lower than their costs. The difference between the fair value and the retention sum receivables and payables amount is recognised as an adjustment to the opening retained profits as at 1st April 2010. Subsequent to the initial recognition, these retention sums are recognised at amortised costs.

iii) Deferred interests and amount due to Johor State Government

Prior to 1st April 2010, amount due to Johor State Government which represents privatisation consideration of RM62,270,000/- ("the consideration") was stated at cost in the statement of financial position of the Group. The difference between the consideration and the present value of forest plantation project of RM35,429,000/- and plantation development expenditure of RM7,450,000/- was recognised as deferred interests in the statement of financial position of the Group. The deferred interests are recognised as interest expense in the profit or loss of the Group over the repayment period of the privatisation consideration. Upon the adoption of FRS 139, the amount due to Johor State Government is recorded initially at its fair value which is lower than its costs. Subsequent to its initial recognition, the amount due to Johor State Government is measured at amortised cost. On 1st April 2010, the Group has reclassified the deferred interests of RM10,457,000/- to the account of amount due to Johor State Government in arriving at the remeasured amount due to Johor State Government of RM35,603,000/-.

notes to the financial statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (CONT'D)

(a) **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int (Cont'd)**

FRS 139 Financial Instruments: Recognition and Measurement (Cont'd)

The following are the effects arising from the above changes in accounting policies:

	Increase/(decrease) As at 31.3.2011 RM'000	As at 1.4.2010 RM'000
Group		
Statement of financial position		
Amount due to Johor State Government	(9,238)	(10,457)
Deferred interests	-	(10,457)
Trade and other receivables	(63)	(63)
Trade and other payables	(290)	(221)
Retained profits	227	158

	Increase 2011 RM'000
Statement of comprehensive income	
- Net effects of unwinding of interest from the discounting of retention sums	69
- Amortisation of deferred interests	1,218

	Increase/(decrease) As at 31.3.2011 RM'000	As at 1.4.2010 RM'000
Company		
Statement of financial position		
Trade and other receivables	(63)	(63)
Trade and other payables	(290)	(221)
Retained profits	227	158

	Increase 2011 RM'000
Statement of comprehensive income	
- Net effects of unwinding of interest from the discounting of retention sums	69

FRS 8 Operating Segments

FRS 8 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group concluded that the reportable operating segments are the same as the segments previously identified under FRS 114 Segment Reporting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (CONT'D)

(a) **Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int (Cont'd)**

Amendments to FRS 117 Leases

Prior to 1st April 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all the risks and rewards incidental to the ownership. Hence, all leasehold land held for own use was classified by the Group and the Company as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group and the Company have applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the statements of financial position as at 31st March 2011 arising from the above change in accounting policy:

	Group and Company 2011 RM'000
Increase/(decrease) in:	
Property, plant and equipment	1,165
Prepaid lease payments	(1,165)

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early**

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
Revised FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2011
FRS 3	Business Combinations	1 July 2011
FRS 127	Consolidated and Separate Financial Statements	1 July 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (CONT'D)

(b) **New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Cont'd)**

		Effective for financial periods beginning on or after
Amendments/Improvements to FRSs		
FRS 1	First time Adoption of Financial Reporting Standards	1 January 2011
FRS 2	Share-based Payment	1 July 2011 & 1 January 2011
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2011
FRS 7	Financial Instruments: Disclosure	1 January 2011
FRS 132	Financial Instruments: Presentation	1 March 2011
FRS 138	Intangible Assets	1 July 2011
IC Int		
IC Int 4	Determining whether an Arrangement Contains a Lease	1 January 2011
IC Int 9	Reassessment of Embedded Derivatives	1 July 2011
IC Int 12	Service Concession Arrangements	1 July 2011
IC Int 15	Agreements for the Construction of Real Estate	1 July 2011 & 1 January 2012
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2011
IC Int 17	Distributions of Non-Cash Assets to Owners	1 July 2011
IC Int 18	Transfer of Assets from Customers	1 January 2011

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

The revised standards are effective for annual periods beginning on or after 1st July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1st July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

The initial application of the above new and revised FRS, amendments/improvements to FRSs and IC Int are not expected to have any material impact on the financial statements of the Group and of the Company or any material changes in accounting policy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Minority interest

Minority interest at the financial position date, being the portion of the net assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interest of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between minority interest and the owners of the Company. Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the financial position are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the profit or loss.

(c) Property, Plant and Equipment and Depreciation

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) **Property, Plant and Equipment and Depreciation (Cont'd)**

(i) **Recognition and measurement (Cont'd)**

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the profit or loss.

(ii) **Reclassification to investment property**

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is completed, at which time it is reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the profit or loss.

(iii) **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iv) **Depreciation and Impairment**

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term in which case they will be depreciated over their useful lives. Freehold land is not depreciated. Capital work-in-progress is not depreciated until the asset is ready for its intended use.

The policy for the recognition and measurement of impairment loss is in accordance with Note 2(n)(ii) to the financial statements.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Plant and machinery	5 years
Office equipment	3 to 10 years
Motor vehicles	5 years
Fixture and fittings	5 to 10 years
Chipping plant factory	33 years
Renovation	50 years

Depreciation methods, useful lives and residual values are reassessed at the financial position date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) **Leased Assets**

(i) **Finance lease**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) **Operating lease**

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position of the Group or the Company.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendments made to FRS 117, Leases on 1st April 2010 in relation to the classification of the leasehold land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(e) **Plantation development expenditure**

Plantation development expenditure represents pre-cropping costs incurred on land preparation, construction of drains, roads and irrigation, fertilisation, plant and planting, labour and any general overheads directly attributed to the development of the rootstock. Pre-cropping costs incurred are capitalised at cost and amortised over the useful life of the rootstock commencing from the date of maturity of the rootstock. The estimated useful life for oil palm ranges from 20 to 23 years from the maturity date. The maturity date for oil palm is 5 years from the date of planting. The maturity date for acacia is 7 years from the date of planting.

Interest costs on borrowings that are directly attributed to new planting or replanting incurred prior to maturity are also included in the pre-cropping costs.

The policy for the recognition and measurement of impairment loss is in accordance with Note 2(n)(ii) to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) **Forest Plantation Project**

The forest plantation project is to be amortised to the profit or loss over the management period ("Management Period") of sixty (60) years based on the following formula:

$$\frac{\text{Sales Volume}}{\text{Projected Total Commercial Extractable Volume for the Management Period}} \text{ X Cost of forest plantation project}$$

The projected total commercial extractable volume for the management period is based on the extractable volume projected by an independent professional firm of valuers.

The policy for the recognition and measurement of impairment loss is in accordance with Note 2(n)(ii) to the financial statements.

(g) **Intangible Assets**

Goodwill

Goodwill arises on business combinations and is measured at cost less any allowance for impairment. For acquisitions prior to 1st January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1st January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

Goodwill with indefinite useful lives is tested for impairment annually and whenever there is an indication that it may be impaired. The policy for the recognition and measurement of impairment loss is in accordance with Note 2(n)(iii) to the financial statements.

(h) **Investment Property**

(i) **Investment property carried at cost**

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any allowance for impairment, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated as it has indefinite useful lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) **Investment Property (Cont'd)**

(ii) **Determination of fair value**

The directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note 8 to the financial statements.

(i) **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost of inventories includes raw material, direct labour, and a proportion of operating overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) **Financial Instruments**

(1) **Financial Assets**

Initial Recognition

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of its financial assets at initial recognition. Financial assets are recognised on the statement of financial position when, and only when the Group and the Company become a party to the contracted provisions of the financial instruments.

Financial assets are recognised initially at fair value, and in the case of financial assets not at fair value through profit or loss, at fair values plus directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset. The Group and the Company's financial assets include trade and other receivables, fixed deposits placed with licensed banks, cash and bank balances and amount due from a subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) **Financial Instruments (Cont'd)**

(1) **Financial Assets (Cont'd)**

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:-

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with changes in fair value being recognised in the profit or loss.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-Maturity Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity financial assets are subsequently measured at amortised cost using the EIR method less impairment. The losses arising from impairment are recognised in the profit or loss. If the Group and the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale and prevent the Group and the Company from classifying the afore mentioned financial assets as held-to-maturity for the current and the following two financial years. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the profit or loss. Available-for-sale financial assets are measured at cost if the fair value of the unquoted equity instrument cannot be reliably measured.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) **Financial Instruments (Cont'd)**

(2) **Financial Liabilities**

Initial Recognition

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit or loss, or other financial liabilities. Financial liabilities are recognised initially at fair value and in the case of the other financial liabilities, at fair value plus directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:-

(i) <u>Financial Liabilities at Fair Value Through Profit or Loss</u>

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the profit or loss.

At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(ii) <u>Other financial liabilities</u>

The Group and the Company's other financial liabilities include trade and other payables, borrowings, amount due to Johor State Government, amount due to a related party, amount due to directors and amount due to a subsidiary.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate 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.

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

Derecognition

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) **Financial Instruments (Cont'd)**

(3) **Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the receivable fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Intra-group's financial guarantees are eliminated on consolidation.

(k) **Non-Current Assets Held for Sale**

Non-current assets or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(l) **Construction Contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers for contract works. When the progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers for contract works.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) **Share Capital**

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

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

(n) **Impairment**

(i) **Financial Assets**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an impairment loss when such evidence exists.

<u>Loans and receivables</u>

Significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an allowance for impairment account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) **Non-Financial Assets Other Than Goodwill**

Non-financial assets other than goodwill ("Non-financial assets") of the Group and of the Company at the reporting date consist of property, plant and equipment, prepaid lease payments, plantation development expenditure, intangible assets, investment property, forest plantation project, performance deposits and investment in subsidiaries. Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) **Impairment (Cont'd)**

(ii) **Non-Financial Assets Other Than Goodwill (Cont'd)**

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(iii) **Goodwill**

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(o) **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

<u>Contingent liabilities</u>

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) **Employee Benefits**

(i) **Short Term Employee Benefits**

Wages, salaries, bonuses and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave and maternity leave are recognised when absences occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) **Employee Benefits (Cont'd)**

(ii) **Post-Employment Benefits**

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

(q) **Revenue Recognition**

(i) **Construction contracts**

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentives payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the profit or loss.

(ii) **Goods sold**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iii) **Logging income**

Revenue from logging is measured at the fair value of the consideration receivable and is recognised in the profit or loss when the rights of logging have been transferred to logging contractor.

(iv) **Management fee**

Management fee is recognised when services are rendered and on an accrual basis.

(v) **Rental income**

Rental income from investment property is recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) **Interest income**

Interest income is accrued and recognised on a time-apportioned basis by reference to principal outstanding at the effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) **Borrowing costs**

All borrowing costs are recognised in the profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

The difference between the nominal amount payable and the present value of deferred privatisation consideration is recognised as interest expense over the repayment period of the privatisation consideration.

(s) **Taxation**

(i) **Current Tax**

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

(ii) **Deferred Tax**

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of deferred tax assets, if any, 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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the assets realised. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt in equity.

(t) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, deposits and demand deposits that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(u) **Earnings Per Share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) **Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earns revenue and incurs expenses, including revenue and expenses relating to transactions with the Group's other components. All operating segment's operating results are reviewed by the Group's Directors to make decisions about resources allocation to the segment and assess its performance, and for which discrete financial information is available.

(w) **Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

<u>Key management personnel</u>

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying accounting policies**

In the process of applying the Group's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 as stated below:-

(i) <u>Depreciation of property, plant and equipment</u>

The directors estimate the useful lives of the Group's property, plant and equipment to be within 3 to 50 years. The estimation of the useful lives of property, plant and equipment is based on the period over which the assets are expected to be available for use.

The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets.

It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets. The estimates for the useful lives and related depreciation charges for its property, plant and equipment is based on commercial and production factors which could change significantly as a result of level of usage, technical innovation and competitor actions in response to severe market conditions. Changes in those commercial and production factors could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(ii) Impairment of non-current assets

The Group and the Company review the carrying amount of its non-current assets, which include property, plant and equipment, intangible assets, prepaid lease payments, plantation development expenditure, investment property, forest plantation project, investment in subsidiaries and performance deposits to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. This requires an estimation of the value in use of the cash-generating units of the aforementioned items.

When value in use calculations are undertaken, the directors must estimate the expected future cash flows from the assets or cash generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows. Based on the impairment assessment at the reporting date, the directors are of the opinion that there is no indication of impairment to these assets.

(iii) Impairment of loans and receivables

The directors review its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the receivable, the probability that the receivable will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, the directors make judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the receivable, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the receivable operates in.

Where there is objective evidence of impairment, the directors make judgements as to whether an impairment loss should be recorded as an expense. In determining this, the directors use estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(iv) Income taxes

Significant estimate is required in determining the provision for income taxes. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. When 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.

(v) Impairment of investment in subsidiaries

The directors follow the guidance of FRS 136 – Impairment of Assets, in determining whether investment in subsidiaries is impaired. This requires assumption to be made regarding the duration and extent to which the fair value of an investment is less than its costs, the financial health, and near-term business outlook of the investments including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The directors' assessment for impairment of investment in subsidiaries is based on the estimation of value in use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate to calculate the present value of those cash flows. The Company's carrying amount of investment in subsidiaries at 31st March 2011 was RM1,440,002/- (2010: RM1,440,002/-).

(vi) Deferred tax assets

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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(vi) Deferred tax assets (Cont'd)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future revenue receivable, 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 uncertainties; 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.

(vii) Construction Contracts

The Group and the Company recognised contract revenue and cost in the profit or loss by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date over the estimated total contract costs.

Significant judgements are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and cost, as well as recoverability of the construction projects. In making the judgement, the directors' evaluation is based on past experience and by relying on the work of specialists. The accumulated profits recognised for the construction project of the Group and of the Company amounted to RM27,209,000/- (2010 : RM8,656,000/-) and RM20,254,000/-(2010 : RM7,423,000/-). Any difference in the estimation of total contract revenue and cost will impact the results of the Group and the Company.

(viii) Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date, and makes allowance for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable value of the inventory decreased by 10% from the directors' estimates, the Group's profit will decrease by RM294,097/-.

(ix) Classification of leasehold land

The classification of leasehold land as finance lease or an operating lease required the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixture and Fittings RM'000	Chipping plant factory RM'000	Capital Work-in-Progress RM'000	Renovation RM'000	Total RM'000
2011											
Cost											
At 1st April 2010	98	-	2,447	18,871	880	4,153	1,450	5,301	5,980	-	39,180
Effects of adopting the amendments to FRS 117	-	1,250	-	-	-	-	-	-	-	-	1,250
As restated	98	1,250	2,447	18,871	880	4,153	1,450	5,301	5,980	-	40,430
Additions	430	-	-	61	88	592	10	-	5,639	56	6,876
Disposals	-	-	-	(1,386)	-	(419)	-	-	-	-	(1,805)
Write-offs	-	-	-	(336)	-	(256)	-	-	-	-	(592)
At 31st March 2011	528	1,250	2,447	17,210	968	4,070	1,460	5,301	11,619	56	44,909
Accumulated Depreciation											
At 1st April 2010	-	-	234	16,263	666	2,747	928	904	-	-	21,742
Effects of adopting the amendments to FRS 117	-	85	-	-	-	-	-	-	-	-	85
As restated	-	85	234	16,263	666	2,747	928	904	-	-	21,827
Depreciation for the financial year	-	13	49	1,388	89	565	156	159	-	-	2,419
Disposals	-	-	-	(953)	-	(217)	-	-	-	-	(1,170)
Write-offs	-	-	-	(337)	-	(46)	-	-	-	-	(383)
At 31st March 2011	-	98	283	16,361	755	3,049	1,084	1,063	-	-	22,693
Net Book Value at 31st March 2011	528	1,152	2,164	849	213	1,021	376	4,238	11,619	56	22,216

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixture and Fittings RM'000	Chipping plant factory RM'000	Capital Work-in-Progress RM'000	Total RM'000
2010										
Cost										
At 1st April 2010	98	-	2,418	19,255	1,242	3,682	1,338	5,301	5,444	38,778
Effects of adopting the amendments to FRS 117	-	1,250	-	-	-	-	-	-	-	1,250
As restated	98	1,250	2,418	19,255	1,242	3,682	1,338	5,301	5,444	40,028
Additions	-	-	29	169	118	651	122	-	536	1,625
Disposals	-	-	-	(90)	(5)	(134)	(10)	-	-	(239)
Write-off	-	-	-	(463)	(475)	(46)	-	-	-	(984)
At 31st March 2010 (restated)	98	1,250	2,447	18,871	880	4,153	1,450	5,301	5,980	40,430
Accumulated Depreciation										
At 1st April 2010	-	-	189	14,065	1,067	2,326	701	745	-	19,093
Effects of adopting the amendments to FRS 117	-	72	-	-	-	-	-	-	-	72
As restated	-	72	189	14,065	1,067	2,326	701	745	-	19,165
Depreciation for the financial year	-	13	45	2,730	77	601	235	159	-	3,860
Disposals	-	-	-	(69)	(3)	(134)	(8)	-	-	(214)
Write-off	-	-	-	(463)	(475)	(46)	-	-	-	(984)
At 31st March 2010 (restated)	-	85	234	16,263	666	2,747	928	904	-	21,827
Net Book Value at 31st March 2010 (restated)	98	1,165	2,213	2,608	214	1,406	522	4,397	5,980	18,603

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixtures and Fittings RM'000	Total RM'000
2011								
Cost								
At 1st April 2010	98	-	590	1,382	549	2,447	96	5,162
Effects of adopting the amendments to FRS 117	-	1,250	-	-	-	-	-	1,250
As restated	98	1,250	590	1,382	549	2,447	96	6,412
Additions	-	-	-	-	8	430	-	438
Disposals	-	-	-	(148)	-	(108)	-	(256)
Write-off	-	-	-	(336)	-	(256)	-	(592)
At 31st March 2011	98	1,250	590	898	557	2,513	96	6,002
Accumulated Depreciation								
At 1st April 2010	-	-	201	1,382	478	1,474	94	3,629
Effects of adopting the amendments to FRS 117	-	85	-	-	-	-	-	85
As restated	-	85	201	1,382	478	1,474	94	3,714
Depreciation for the financial year	-	13	12	-	25	396	-	446
Disposals	-	-	-	(148)	-	(108)	-	(256)
Write-off	-	-	-	(336)	-	(47)	-	(383)
At 31st March 2011	-	98	213	898	503	1,715	94	3,521
Net Book Value at 31st March 2011	98	1,152	377	-	54	798	2	2,481

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixtures and Fittings RM'000	Total RM'000
2010								
Cost								
At 1st April 2009	98	-	590	1,845	1,019	2,016	96	5,664
Effects of adopting the amendments to FRS 117	-	1,250	-	-	-	-	-	1,250
As restated	98	1,250	590	1,845	1,019	2,016	96	6,914
Additions	-	-	-	-	5	521	-	526
Disposals	-	-	-	-	-	(44)	-	(44)
Write-off	-	-	-	(463)	(475)	(46)	-	(984)
At 31st March 2010 (restated)	98	1,250	590	1,382	549	2,447	96	6,412
Accumulated Depreciation								
At 1st April 2009	-	-	189	1845	927	1189	94	4,244
Effects of adopting the amendments to FRS 117	-	72	-	-	-	-	-	72
As restated	-	72	189	1,845	927	1,189	94	4,316
Depreciation for the financial year	-	13	12	-	26	375	-	426
Disposals	-	-	-	-	-	(44)	-	(44)
Write-off	-	-	-	(463)	(475)	(46)	-	(984)
At 31st March 2010 (restated)	-	85	201	1,382	478	1,474	94	3,714
Net Book Value at 31st March 2010 (restated)	98	1,165	389	-	71	973	2	2,698

Leased plant and machinery

As at 31st March 2011, the net carrying amount of leased motor vehicles and plant and machinery of the Group and of the Company were RM4,522,000/- and RM441,000/- (2010: RM4,748,000/- and RM841,000) respectively.

Capitalisation of depreciation

Depreciation expense amounted to RM542,000/- (2010 : RM473,000/-) were capitalised under plantation development expenditure during the financial year as stated in Note 7.

5. INTANGIBLE ASSETS - GOODWILL

Group

	Goodwill RM'000
Cost	
At 1st April 2009/ 31st March 2010/ 31st March 2011	1,223
Impairment loss	
At 1st April 2009/ 31st March 2010/ 31st March 2011	-
Net carrying amount	
At 1st April 2009/ 31st March 2010/ 31st March 2011	1,223

Impairment testing for goodwill

Goodwill of RM1,223,000/- (2010: RM1,223,000/-) represents the unamortised balance of goodwill arising from the consolidation of a subsidiary, Aramijaya Sdn. Bhd..

The recoverable amount is estimated based on its value in use and it is higher than the carrying amount of goodwill. Hence, there is no impairment loss recognised during the financial year.

Value in use was determined by discounting the future cash flows generated from the continuing operations of the subsidiary and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results for timber business over 52 years and projected operating results for oil palm business over 28 years. Management believes that these forecast periods were justified due to the long-term nature of acacia and oil palm business.
- The selling price and costs for acacia operation were assumed to be consistently applied. Costs for acacia operation is based on volume extracted and planted land areas.
- The selling price and costs of oil palm operation were consistently applied with a 10% increase from year 11 onwards.
- A pre-tax discount rate of 14% (2010: 14%) used for acacia operation and 8% (2010: 8%) for oil palm operation were applied in determining the recoverable amount of the operations.

The key assumptions represent management's assessment of future operations and are based on both external sources and internal sources (historical data).

6. PREPAID LEASE PAYMENTS

Group	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost			
At 1st April 2009	11,504	1,250	12,754
Effects of adopting the amendments to FRS 117	-	(1,250)	(1,250)
As restated	11,504	-	11,504
At 31st March 2010 (restated) /At 31st March 2011	11,504	-	11,504

notes to the financial statements
(cont'd)

6. PREPAID LEASE PAYMENTS (CONT'D)

Group	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Accumulated Amortisation			
At 1st April 2009	3,356	72	3,428
Effects of adopting the amendments to FRS 117	-	(72)	(72)
As restated	3,356	-	3,356
Amortisation for the financial year	592	-	592
At 31st March 2010 (restated)	3,948	-	3,948
Amortisation for the financial year	594	-	594
At 31st March 2011	4,542	-	4,542
Net carrying amount			
At 31st March 2011	6,962	-	6,962
At 31st March 2010 (restated)	7,556	-	7,556

Company	Unexpired period more than 50 years RM'000
Cost	
At 1st April 2009	1,250
Effects of adopting the amendments to FRS 117	(1,250)
As restated	-
At 31st March 2010 (restated)/ At 31st March 2011	-
Accumulated Amortisation	
At 1st April 2009	72
Effects of adopting the amendments to FRS 117	(72)
As restated	-
At 31st March 2010 (restated)/ At 31st March 2011	-
Net carrying amount	
At 31st March 2011	-
At 31st March 2010 (restated)	-

The abovementioned titles were transferred into the name of the Company during the financial year ended 31st March 2010.

notes to the financial statements
(cont'd)

7. PLANTATION DEVELOPMENT EXPENDITURE

	Group 2011 RM'000	Group 2010 RM'000 Restated
Cost		
At 1st April	49,740	35,504
Additions during the financial year	24,376	14,236
At 31st March	74,116	49,740
Accumulated Amortisation	-	-
Net carrying amount	74,116	49,740

Included in plantation development expenditure are the following expenses incurred and capitalised during the financial year:

	Group 2011 RM'000	Group 2010 RM'000 Restated
Depreciation (Note 4)	542	473
Interest expense	2,263	1,488
Staff costs	2,771	2,300
	5,576	4,261

8. INVESTMENT PROPERTY

	Leasehold buildings unexpired period more than 50 years RM'000
Group and Company	
Cost	
At 1st April 2009/ 31st March 2010/ 31st March 2011	626
Accumulated depreciation	
At 1st April 2009	108
Depreciation for the financial year	13
At 31st March 2010	121
Depreciation for the financial year	13
At 31st March 2011	134
Net carrying amount	
At 31st March 2011	492
At 31st March 2010	505

8. INVESTMENT PROPERTY (CONT'D)

	Leasehold buildings unexpired period more than 50 years RM'000
Group and Company	
Fair value	
At 31st March 2011	534
At 31st March 2010	534

The strata titles of buildings of the Company with an aggregate carrying amount of RM492,000/- (2010: RM505,000/-) are in the process of being transferred to the Company as the finalisation of the transfer is pending the approval from the relevant authorities.

The fair values of the investment properties are determined by considering the aggregate of the estimated cash flows expected to be received from letting the property using yield rates of 5.41% (2010: 5.33%).

The following are recognised in the profit or loss in respect of investment properties:

	Group and Company 2011 RM'000	2010 RM'000
Rental income	29	29
Direct operating expenses:		
- income generating investment properties	13	13

9. FOREST PLANTATION PROJECT

	Group 2011 RM'000	2010 RM'000
Cost		
At 1st April/ 31st March	35,429	35,429
Accumulated Amortisation		
At 1st April	4,975	4,663
Amortisation for the financial year	172	312
At 31st March	5,147	4,975
Net carrying amount	30,282	30,454

On 4th December 2002, the Company and a subsidiary, Aramijaya Sdn. Bhd. ("Aramijaya") entered into a Privatisation Agreement with the Johor State Government and YPJ Holdings Sdn. Bhd. ("YPJH") for the maintenance, operation and management of 35,223 hectares of forest plantation land for a period of sixty (60) years. The area consist of 20,168 hectares of acacia cultivated area, 5,754 hectares of unplanted area, 3,661 hectares of mining land and 5,640 hectares of water logged area. In addition, 2,897 hectares of agricultural land with ninety nine (99) years lease was also alienated to YPJH, and was sub-leased to Aramijaya for ninety nine (99) years less one (1) day. A total consideration of RM62,270,000/- is therefore, payable to the Johor State Government for the concession and alienation (Note 21).

9. FOREST PLANTATION PROJECT (CONT'D)

The Johor State Government had previously agreed to grant to YPJH the right to undertake the Forest Plantation Project. However, YPJH has agreed to undertake the project through a joint venture company, Aramijaya, in which the Company and YPJH will hold 70% and 30% of the equity respectively. For that purpose, a Joint Venture Agreement dated 4th December 2002 was signed between the Company and YPJH. Pursuant to this Joint Venture Agreement, Aramijaya shall pay a sum of RM5 million per annum for ten (10) years to YPJH commencing from the financial year ended 31st March 2003 being the expected minimum sum of profit for YPJH's 30% share in the operations of Aramijaya.

The consideration for the above project is to be repayable by instalments over the remaining stipulated repayment period of sixteen (16) years from the date of the Privatisation Agreement. To arrive at the present value of the deferred consideration for the forest plantation project, the Directors of the Aramijaya assumed a discount rate which reflected current market assessments that approximated the prevailing cost of borrowings. The difference between the consideration payable and the present value of deferred privatisation consideration was classified as deferred interests (Note 21) and (Note 10).

On 3rd June 2003, the Company executed a guarantee in favour of the Johor State Government guaranteeing the instalment payments of Aramijaya.

Subsequent to the execution of the Privatisation Agreement, YPJH was offered by the Johor State Government an agricultural land of 2,897 hectares for alienation. Aramijaya discovered a large portion of the land was water logged and unsuitable for plantation development.

In a letter dated 20th May 2005, the Johor State Government indicated that two plots of agricultural land measuring approximately 850 hectares and 2,047 hectares respectively, will be swapped with the previously offered agricultural land.

On 13th July 2006, the Johor State Government had alienated to YPJH one plot of agricultural land measuring 850 hectares which was then sub-leased to Aramijaya on 8th October 2007 for a period of ninety nine (99) years less one (1) day from 13th July 2006 till 11th July 2105. The remaining plot of 1,991 hectares of land was alienated to YPJH on 22th October 2007 and was then sub-leased to Aramijaya on 12th June 2008 for the period of ninety nine (99) years less one (1) day from 22th October 2007 till 20th October 2106. These two plots of leasehold land are charged to secure a term loan facility amounting to RM70,000,000/-, of which RM38,668,000/-(2010: RM25,466,000/-) has been drawn-down as stated in Note 23 to the financial statements.

10. DEFERRED INTERESTS

	Group	
	2011 RM'000	**2010 RM'000**
Cost		
At 1st April/ 31st March	19,391	19,391
Effects from adopting FRS 139 (Note 2.2a)	(19,391)	-
	-	19,391
Accumulated Amortisation		
At 1st April	8,934	7,716
Effects from adopting FRS 139 (Note 2.2a)	(8,934)	-
	-	7,716
Amortisation during the financial year	-	1,218
At 31st March	-	8,934
Net carrying amount	-	10,457

Upon the adoption of FRS 139 on 1st April 2010, the entire carrying amount was reclassified to amount due to Johor State Government account as disclosed in Note 2.2 (a) to the financial statements.

The details of deferred interests are further explained in Note 21 to the financial statements.

11. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Group						
Property, plant and equipment	-	-	(11,043)	(12,076)	(11,043)	(12,076)
Forest plantation project	-	2,133	(1,533)	-	(1,533)	2,133
Tax loss carry-forwards	10,363	5,588	-	-	10,363	5,588
Unabsorbed capital allowances	3,235	11,308	-	-	3,235	11,308
Tax assets/(liabilities)	13,598	19,029	(12,576)	(12,076)	1,022	6,953
Set off	(12,576)	(12,076)	12,576	12,076	-	-
Net tax assets	1,022	6,953	-	-	1,022	6,953
Company						
Property, plant and equipment	-	-	(24)	(75)	(24)	(75)
Tax loss carry-forwards	663	3,594	-	-	663	3,594
Tax assets/(liabilities)	663	3,594	(24)	(75)	639	3,519
Set off	(24)	(75)	24	75	-	-
Net tax assets	639	3,519	-	-	639	3,519

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares - at cost		
At 1st April	1,440	1,491
Disposed during the financial year	-	(51)
At 31st March	1,440	1,440

Details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Aramijaya Sdn. Bhd.	Malaysia	70	70	Management and operation of a forest plantation, logging, saw miling, chipping, other downstream manufacturing and related activities and oil palm plantation and undertaking of construction works.
Ikhlasi Bina Sdn. Bhd.	Malaysia	100	100	Civil engineering and building works.

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

In the previous financial year, the Group disposed of its 51% equity interest in Limbongan-Ekovest Management Sdn. Bhd. for a cash consideration of RM1/-.

The disposal had the following effect on the Group's assets and liabilities on the disposal date:

	Recognised values on disposal RM'000
Plant and equipment	4
Trade receivables	798
Other receivables and deposits	7
Cash and cash equivalents	41
Other payables and accruals	(528)
Amount owing to holding company	(368)
Net identifiable assets and liabilities	(46)
Gain on disposal	46
Consideration received, satisfied in cash	-*
Cash and cash equivalents disposed	(41)
Net cash outflow	(41)

* Consideration received at RM1/-

13. PERFORMANCE DEPOSITS

Pursuant to the terms of the Privatisation Agreement dated 4th December 2002 (refer to Note 9), Aramijaya is required to pay YPJH a sum of RM2.5 million as security towards Aramijaya's performance in undertaking a major role in the proposed privatisation of forest plantation project ("performance deposits"), and a sum of RM5 million a year for the first ten year period commencing from the financial year ended 31st March 2003, being YPJH's minimum net profit entitlement (Note 22).

In the event that the net profit entitlement payable to YPJH arising from its 30% equity participation is less than RM5 million in any of the first ten year period, YPJH shall be entitled to request from Aramijaya additional sum towards the performance deposit equivalent to the amount of the shortfall from the RM5 million payable. Accordingly, YPJH's minimum net profit entitlement for the first ten year period totalling RM50 million (2010: RM50 million) and the deposit of RM2.5 million (2010: RM2.5 million) have been recognised as performance deposits.

The minimum net profit entitlement of YPJH totalling RM50 million (2010: RM50 million) and the deposit of RM2.5 million (2010: RM2.5 million) shall be recoverable by way of set-off against YPJH's future profit entitlement in respect of its 30% equity participation in Aramijaya over and above RM 5 million in any financial year within the first ten years from the financial year ended 31st March 2003 and any profit entitlement of YPJH thereafter.

In the event that there is any outstanding balance of the performance deposit (including any additional sums added due to the shortfall from the RM5 million minimum net profit entitlement a year for the first ten year period) not set off due to insufficient profit entitlement at the end of the 60 years management period, YPJH shall not be required to refund the performance deposit (including any additional sums added) and the same shall be fully extinguished.

notes to the financial statements (cont'd)

14. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is presented as follows:-

	Company 2011 RM'000	Company 2010 RM'000
Non-current	50,634	35,000
Current	2,026	774
	52,660	35,774

On 29th September 2009, the shareholders of the Company approved the financial assistance of RM33,000,000/- to Aramijaya Sdn. Bhd. ("Aramijaya") at an interest rate of 4.5% per annum for the first three years and 7.0% per annum thereafter, and with fixed terms of repayment. During the financial year, RM15,000,000/- (2010:RM18,000,000/-) was disbursed to Aramijaya.

The amount due from a subsidiary is unsecured and is repayable on demand.

The Group and the Company's exposures to credit risk are disclosed in Note 36 to the financial statements.

15. INVENTORIES

	Group 2011 RM'000	Group 2010 RM'000
At cost:		
Timber logs	-	34
Woodchip	2,740	3,879
Pallet	17	24
Sawn timber	42	58
Consumables	142	121
	2,941	4,116

16. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Aggregate construction costs incurred to date	155,056	34,299	49,589	21,129
Add: Attributable profits	27,209	8,656	20,254	7,423
	182,265	42,955	69,843	28,552
Less: Progress billings	(198,927)	(44,764)	(82,889)	(32,110)
Net amount due to contract customers	(16,662)	(1,809)	(13,046)	(3,558)

16. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS (CONT'D)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Presented as follows:				
Gross amount due from customers for contract works	19	1,343	-	-
Gross amount due to customers for contract works	(16,681)	(3,152)	(13,046)	(3,558)
Net amount due to contract customers	(16,662)	(1,809)	(13,046)	(3,558)
Construction costs recognised as contract expenses during the financial year	88,386	33,022	28,461	21,496
Construction revenue recognised as contract revenue during the financial year	106,452	43,444	41,292	29,040

17. TRADE AND OTHER RECEIVABLES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade receivables				
Trade receivables	9,923	2,596	6,256	647
Less: Allowance for impairment	(50)	(50)	-	-
	9,873	2,546	6,256	647
Amount due from related parties	35,155	2,025	-	-
Less: Allowance for impairment	(177)	(155)	-	-
	34,978	1,870	-	-
Retention sums receivable	141	637	141	637
Trade receivables, net	44,992	5,053	6,397	1,284
Other receivables				
Sundry receivables	1,446	594	1	112
Deposits	1,949	572	60	54
Prepayments	617	556	-	-
Other receivables, net	4,012	1,722	61	166
Total trade and other receivables	49,004	6,775	6,458	1,450

a) Trade receivables

Included in trade receivables of the Group are advances made to sub-contractors amounting to RM1,080,000/- (2010: RM45,000/-), which are unsecured and interest free.

17. TRADE AND OTHER RECEIVABLES (CONT'D)

b) Ageing analysis of trade receivables

The ageing analysis of the Group and the Company's trade receivables are as follows:-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Neither past due nor impaired	41,560	2,925	5,737	410
Past due but not impaired				
1 to 30 days past due not impaired	587	469	-	-
31 to 60 days past due not impaired	709	287	-	-
61 to 90 days past due not impaired	100	26	-	-
91 to 120 days past due not impaired	248	13	-	-
More than 121 days past due not impaired	1,788	1,333	660	874
	3,432	2,128	660	874
Impaired	227	205	-	-
	45,219	5,258	6,397	1,284

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company. None of the Group and the Company's trade receivables that are neither past due nor impaired have been negotiated during the financial year.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM3,432,000/- (2010 : RM2,128,000/-) and RM660,000/- (2010 : RM874,000/-) respectively that are past due at the reporting date but not impaired. Based on the historical default rates, the Group and the Company believe that no impairment loss is necessary in respect of trade receivables that are past due from 1 day and up to more than 121 days. These receivables are mainly arising from trade receivables that have a good credit records with the Group and the Company. The Group and the Company do not hold any collateral in respect of trade receivables and these receivables are unsecured in nature.

Trade receivables that are impaired

The movement in allowance for impairment is as follows:-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1st April	205	948	-	744
Written off	-	(899)	-	(744)
Additions during the financial year	22	156	-	-
At 31st March	227	205	-	-

Trade receivables that are impaired were determined based on individual trade receivable which has defaulted in payments.

c) Amount due from related parties

The amount due from related parties is unsecured, interest free and subject to negotiated terms. The related parties are entities which are disclosed in Note 32 to the financial statements.

17. TRADE AND OTHER RECEIVABLES (CONT'D)

d) Other receivables

Included in other receivables of the Group is an amount of RM718,708/- (2010 : RM Nil) which represents payments made on behalf of sub-contractors.

Included in deposits of the Group is an amount of RM1,452,000/- (2010 : RM Nil) which represents deposits paid to YPJ Holdings Sdn. Bhd. ("YPJH") for the right to develop 30,000 acres of forest land in the State of Johor over 30 years at a consideration of RM100/- per acre of the plantable area. At the reporting date the surveyor is in the process of determining the plantable area of this land, and as such the total consideration payable to YPJH has yet to be determined.

The Group and the Company's exposures to credit risk are disclosed in Note 36 to the financial statements.

18. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Included in fixed deposits placed with licensed banks is as follows:-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Pledged to licensed banks for credit facilities granted to the Group/Company	1,171	1,169	118	116

The fixed deposits of the Group and of the Company earn interest at rates ranging from 2.15% to 3.10% (2010: 2.00% to 8.00%) per annum.

19. SHARE CAPITAL

	Group and Company			
	2011		2010	
	Number of Shares Unit '000	Amount RM'000	Number of Shares Unit'000	Amount RM'000
Ordinary shares of RM0.20/- each				
Authorised:				
At the beginning/end of the financial year	1,000,000	200,000	1,000,000	200,000
Issued and fully paid:				
At the beginning of the financial year	326,700	65,340	326,700	65,340

The owners of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally regard to the Company residual assets.

20. RESERVES

The movement in reserves of the Group and of the Company at the reporting date is as follows:-

	Share premium RM'000	Retained profits RM'000	Total RM'000
Group			
At 1st April 2009	4,621	(882)	3,739
Total comprehensive income for the financial year	-	12,550	12,550
At 31st March 2010	4,621	11,668	16,289
Effects from adopting FRS 139 (Note 2.2a)	-	158	158
Total comprehensive income for the financial year	-	10,054	10,054
At 31st March 2011	4,621	21,880	26,501

	Share premium RM'000	Retained profits RM'000	Total RM'000
Company			
At 1st April 2009	4,621	(8,211)	(3,590)
Total comprehensive income for the financial year	-	9,639	9,639
At 31st March 2010	4,621	1,428	6,049
Effects from adopting FRS 139 (Note 2.2a)	-	158	158
Total comprehensive income for the financial year	-	9,235	9,235
At 31st March 2011	4,621	10,821	15,442

Share premium

Share premium of the Group and of the Company arose from allotments of ordinary shares at premium net of share issue expenses.

21. AMOUNT DUE TO JOHOR STATE GOVERNMENT

	Group 2011 RM'000	Group 2010 RM'000
Future minimum payment to Johor State Government		
- not later than one year	5,757	5,757
- later than one year but not later than two years	5,757	5,757
- later than two years but not later than five years	17,273	23,030
- later than five years	11,515	11,516
	40,302	46,060
Less: Deferred interests (Note 2.2a, 10)	(9,239)	-
	31,063	46,060

21. AMOUNT DUE TO JOHOR STATE GOVERNMENT (CONT'D)

	Group	
	2011 RM'000	**2010 RM'000**
Represented by:		
Current		
- not later than one year	4,539	5,757
Non- current		
- later than one year but not later than two years	4,539	5,757
- later than two years but not later than five years	13,618	23,030
- later than five years	8,367	11,516
	26,524	40,303
	31,063	46,060

Deferred interests represent the difference between the privatisation consideration of RM62,270,000/- (2010: RM62,270,000/-) and the present value of forest plantation project of RM35,429,000/- (2010: RM35,429,000/-) (Note 9) and plantation development expenditure of RM7,450,000/- (2010: RM7,450,000/-).

The deferred interests are recognised as interest expense in the profit or loss over the repayment period of the privatisation consideration.

The movement in deferred interest is as follows:-

	Group	
	2011 RM'000	**2010 RM'000**
Deferred interests		
As at 1st April	-	-
Effects from adopting FRS 139 (Note 2.2a)	10,457	-
Amortisation during the financial year	(1,218)	-
As at 31st March	9,239	-

The amount due to Johor State Government represents the privatisation consideration payable in accordance with the payment schedule stated in the Privatisation Agreement over eighteen (18) years from 1st October 2001 (Note 9). At the date of signing of the Privatisation Agreement, the total privatisation consideration amounted to RM62,270,000/- and comprises the following:

	RM'000
Federal loans	47,718
State's expenditure	11,059
Cash Advance	3,493
	62,270

Included in Federal loans is an amount of RM13,080,000/- or USD3,442,000/- disbursed by the Federal Government to the Johor State Government in USD currency and had been translated into Malaysian currency for the purpose of the payment schedule at the prevailing exchange rate of USD1.00= RM3.80.

Pursuant to the Privatisation Agreement, the Company has undertaken to provide a corporate guarantee in favour of the Johor State Government for the repayment by Aramijaya of the privatisation consideration and any variations that may arise within six (6) months from the date of the Privatisation Agreement of 4th December 2002.

21. AMOUNT DUE TO JOHOR STATE GOVERNMENT (CONT'D)

On 1st October 2001, Aramijaya had paid the first instalment payment of RM9,630,000/- to the Johor State Government. During the financial year, Aramijaya paid an amount of RM5,758,000/- (2010: RM2,194,000/-) to the Johor State Government. The movement in amount due to Johor State Government is as follows:

	Group	
	2011 RM'000	2010 RM'000
Total privatisation consideration payable	62,270	62,270
Less: Cumulative instalments paid	(21,968)	(16,210)
	40,302	46,060

On 1st October 2002, Aramijaya had defaulted the second instalment payment to Johor State Government based on the initial repayment schedule. Thus, included in the amount due to Johor State Government in the previous year was five (5) instalment payments which were due on 1st October 2002, 1st October 2003, 1st October 2004, 1st October 2005 and 1st October 2006 respectively totalling RM23,858,000/-.

In the event of delay in payments of any instalments, Aramijaya, unless otherwise agreed by the Johor State Government, is liable to pay interest at 1.5% above the prevailing base lending rate of Malayan Banking Berhad on the outstanding instalment sum calculated on daily basis commencing from the date of delay until the outstanding amount is paid in full.

In the opinion of the Directors of Aramijaya, Aramijaya will be able to obtain a waiver of the interest charged on the overdue instalments of RM6.8 million (2010: RM6.8 million), which has not been accrued for.

On 18th December 2007, the Johor State Government had approved a revised repayment schedule where the remaining instalment payments will be repayable in eleven (11) unequal instalments starting from 1st January 2009 until 1st January 2018. The first three instalments from the revised schedule amounting to RM2,193,000/- each and the fourth instalment amounting to RM5,758,000 have been paid.

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The Group and the Company's exposures to liquidity risk are disclosed in Note 36 to the financial statements.

22. AMOUNT DUE TO A RELATED PARTY

The non-current and current portions of amounts due to YPJH are as follows:

	Group	
	2011 RM'000	2010 RM'000
Non-current	-	5,000
Current	45,000	40,000
	45,000	45,000

Pursuant to the terms of the Privatisation Agreement dated 4th December 2002 (refer to Note 9 and Note 13), Aramijaya is required to pay YPJH a sum of RM5 million a year for the first ten year period commencing from the financial year ended 31st March 2003, being YPJH's minimum net profit entitlement.

Accordingly, Aramijaya's obligation to pay YPJH in respect of its minimum net profit entitlement for the first ten year period totalling RM50 million (2010: RM50 million) has been recognised as amount due to a related party. An amount of RM Nil (2010: RM5 million) has been paid during the financial year ended 31st March 2011.

YPJH has via its letter dated 17th May 2006 agreed to defer the repayment of its minimum net profit entitlement until Aramijaya's cash flows have improved.

The Group and the Company's exposures to liquidity risk are disclosed in Note 36 to the financial statements.

23. BORROWINGS

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-current				
Finance lease liabilities	1,509	1,744	159	231
Term loan	38,668	25,466	-	-
	40,177	27,210	159	231
Current				
Finance lease liabilities	795	856	171	192
Total borrowings	40,972	28,066	330	423

a) Finance lease liabilities

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Minimum finance lease payment:				
- not later than one year	918	981	185	211
- later than one year but not later than five years	1,613	2,003	164	242
	2,531	2,984	349	453
Less: Future finance charges	(227)	(384)	(19)	(30)
	2,304	2,600	330	423

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Represented by:				
Current				
- not later than one year	795	856	171	192
Non-current				
- later than one year but not later than two years	808	720	159	157
- later than two years but not later than five years	701	1,024	-	74
	1,509	1,744	159	231
	2,304	2,600	330	423

Finance lease liabilities of the Group and of the Company are subject to a fixed interest rates ranging from 4.27% to 8.28% (2010: 4.27% to 8.28%) per annum and 4.27% to 6.62% (2010: 4.27% to 6.62%) per annum respectively. The term loan is subject to a fixed interest rate at 6.75% (2010: 6.75%) per annum.

23. BORROWINGS (CONT'D)

b) Term loan

The term of the term loan repayment is as follows:-

	Group 2011 RM'000	Group 2010 RM'000
Non-current		
- later than two years but not later than five years	14,175	-
- later than five years	24,493	25,466
	38,668	25,466

Term loan is secured by way of legal charge over two plots of agricultural land measuring approximately 850 hectares and 1,991 hectares respectively as stated in Note 9 to the financial statements.

The Group and the Company's exposure to liquidity and interest rate risks are disclosed in Note 36 to the financial statements.

24. TRADE AND OTHER PAYABLES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade payables				
Trade payables	18,663	13,749	889	3,543
Advances received from customers	6,181	10,000	6,181	10,000
Retention sums payable	6,864	1,971	1,605	1,971
Amount due to related parties	7,158	11,384	-	-
	38,866	37,104	8,675	15,514
Other payables				
Other payables	1,724	1,321	-	-
Deposits	240	123	3	3
Accruals	20,352	1,704	319	303
	22,316	3,148	322	306
Total trade and other payables	61,182	40,252	8,997	15,820

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60-day (2010: 30 to 60-day) terms.

b) Amount due to related parties

The amount due to related parties is unsecured, interest free and is subject to negotiated terms.

c) Accruals

Included in accruals is an amount of RM18,970,630/- (2010 : RM Nil) which represents accrual made for sub-contractors cost at the reporting date.

The Group and the Company's exposures to liquidity risk are disclosed in Note 36 to the financial statements.

notes to the financial statements
(cont'd)

25. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary is unsecured, interest free and is repayable on demand.

26. AMOUNT DUE TO DIRECTORS

The amount due to directors is unsecured, interest free and is repayable on demand.

27. FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amortisation of deferred interests	1,218	1,218	-	-
Finance lease liabilities	29	130	29	24
Overdraft interest	209	23	-	1
	1,456	1,371	29	25

28. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at:-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
After charging:-				
Amortisation of forest plantation project	172	312	-	-
Amortisation of prepaid lease payments	594	592	-	-
Auditor remuneration				
- Audit services				
Auditor of the Company				
- current year	58	80	40	45
- prior year	11	-	11	-
Other auditor	-	2	-	-
- Other services	-	5	-	5
Bad debts written off	110	-	-	-
Depreciation of property, plant and equipment	1,877	3,387	446	426
Depreciation of investment property	13	13	13	13
Finance costs (Note 27)	1,456	1,371	29	25
Impairment loss on trade receivables	22	-	-	-
Loss on disposal of a subsidiary	-	-	-	51
Personnel expenses (including key management personnel)				
- Contributions to EPF	382	364	52	79
- Wages, salaries and others	5,073	4,977	800	1,242
Property, plant and equipment written off	209	-	209	-
Rental of plant and machinery	257	1,639	-	-
Rental of premises	185	163	155	124
Rental of motor vehicles	1,225	34	-	-

notes to the financial statements (cont'd)

28. PROFIT BEFORE TAXATION (CONT'D)

Profit before taxation has been arrived at:- (Cont'd)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
After crediting:-				
Gain on disposal of property, plant and equipment	276	57	70	5
Gain on disposal of a subsidiary	-	46	-	-
Realised foreign exchange gain	-	87	-	-
Rental income from hire of				
- Motor vehicles	31	41	-	-
- Plant and machinery	346	320	-	-
- Others	108	62	-	-
Rental income from investment property	29	29	29	29
Interest income arising from:				
- Amount due from a subsidiary	-	-	1,892	633
- Deposits with licensed banks	1,082	413	1,082	413
- Net effects of unwinding of interest from the discounting of retention sums	69	-	69	-

29. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Directors:				
- Fees	35	34	35	34
- Remuneration	898	876	564	564
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	49	53	45	46
Total short term employee benefits	982	963	644	644

30. TAXATION

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Income tax				
- current year	(390)	(110)	(277)	(110)
Deferred taxation				
- current year	(4,812)	3,049	(2,653)	3,519
- prior years	(1,119)	4,251	(227)	-
	(5,931)	7,300	(2,880)	3,519
	(6,321)	7,190	(3,157)	3,409

The income tax rate is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the fiscal year.

30. TAXATION (CONT'D)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation	17,737	6,842	12,392	6,230
Tax at applicable tax rate of 25%	(4,434)	(1,710)	(3,098)	(1,558)
Tax effects arising from				
- non-deductible expenses	(1,323)	(289)	(356)	-
- non-taxable income	557	-	524	29
- reversal of deferred tax assets not recognised	(2)	-	-	-
- recognition of previously unrecognised deductible temporary differences	-	4,938	-	4,938
- (under)/over accrual in prior years	(1,119)	4,251	(227)	-
Tax expense for the financial year	(6,321)	7,190	(3,157)	3,409

The deferred tax asset that has not been recognised at the reporting date is as follows:-

	Group	
	2011 RM'000	2010 RM'000
Unabsorbed losses	-	8
Potential deferred tax assets not recognised at 25%	-	2

31. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period calculated as follows:

	Group	
	2011	2010
Net profit for the financial year (RM'000)	10,054	12,550
Weighted average number of ordinary shares ('000)	326,700	326,700
Basic earnings per share for the financial year (sen)	3.08	3.84

Diluted earnings per ordinary share

The basic and diluted earnings per ordinary share are the same, as the Group has no dilutive potential ordinary shares.

32. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or to exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

notes to the financial statements (cont'd)

32. RELATED PARTY TRANSACTIONS (CONT'D)

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with the following companies, which are deemed, related to the Directors and major shareholders are as follows:

i) Ekovest Construction Sdn. Bhd., Danga Bay Sdn. Bhd., Limbongan Setia Corporation Sdn. Bhd., Wengcon Holdings Sdn. Bhd., Wengcon Equipment Sdn. Bhd., Wengcon Marketing Sdn. Bhd., Wengcon Machinery Sdn. Bhd., Segi Gemilang Sdn. Bhd., Radiant Seas Sdn. Bhd., Segi Tiara Sdn. Bhd., D-Hill Sdn. Bhd., Felda Ekovest Sdn. Bhd. and Hi-Plus Development Sdn. Bhd. are deemed related to Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew and Dato' Lim Kang Poh;

ii) Ekovest Berhad is deemed related to Dato' Lim Kang Hoo;

iii) Pembinaan KS Tebrau Sdn. Bhd. is deemed related to Dato' Lim Kang Hoo and Haji Johar Salim bin Yahaya; and

iv) Julung Cipta Sdn. Bhd. is deemed related to Haji Johar Salim bin Yahaya, Norliza binti Suleiman and Kumpulan Prasarana Rakyat Johor Sdn. Bhd..

Related Party Transactions

The related party transactions between the Group and the related parties which took place at the terms agreed between the related parties during the financial year are as follows:-

Type of transactions	Related party	2011 RM'000	2010 RM'000
Group			
Sales	Danga Bay Sdn. Bhd.	(21)	(16)
	Wengcon Marketing Sdn. Bhd.	(10)	(9)
	Wengcon Equipment Sdn. Bhd.	-	(1)
	Hi-Plus Development Sdn. Bhd.	(745)	(1)
Secondment fee	Wengcon Equipment Sdn. Bhd.	6	-
Purchases	Wengcon Marketing Sdn. Bhd.	9,303	5,148
	Danga Bay Sdn. Bhd.	46	23
	Wengcon Equipment Sdn. Bhd.	82	16
	Segi Tiara Sdn. Bhd.	46	-
Construction income	Julung Cipta Sdn. Bhd.	(59,595)	(13,997)
	Pembinaan KS Tebrau Sdn. Bhd.	(5,971)	-
Sand discharge income	Radiant Seas Sdn. Bhd.	-	(256)
Rental of plant and machinery payable	Wengcon Equipment Sdn. Bhd.	61	94
	Wengcon Holdings Sdn. Bhd.	293	484
	Wengcon Machinery Sdn. Bhd.	12	10
	Ekovest Construction Sdn. Bhd.	5	46
	Ekovest Berhad	114	-
Rental of plant and machinery receivable	Wengcon Equipment Sdn. Bhd.	-	(39)
	Segi Tiara Sdn. Bhd.	(233)	(228)
Purchase of motor vehicles	Felda Ekovest Sdn. Bhd.	-	26
Purchase of motor vehicles	Ekovest Berhad	8	-

notes to the financial statements (cont'd)

32. RELATED PARTY TRANSACTIONS (CONT'D)

Related Party Transactions (Cont'd)

Type of transactions	Related party	2011 RM'000	2010 RM'000
Group			
Purchase of plant and machinery	Wengcon Holdings Sdn. Bhd.	3,000	-
Rental of motor vehicle payable	D-Hill Sdn. Bhd.	8	9
	Ekovest Berhad	17	14
	Ekovest Construction Sdn. Bhd.	5	1
Rental of motor vehicle receivable	Danga Bay Sdn. Bhd.	(11)	(9)
	Segi Tiara Sdn. Bhd.	(6)	-
Rental of equipment payable	Segi Gemilang Sdn. Bhd.	1,200	1,200
Rental of premises payable	Limbongan Setia Corporation Sdn. Bhd.	108	108
Rental of premises receivable	Segi Tiara Sdn. Bhd.	(100)	(55)
Repair and service of plant and machinery payable	Wengcon Machinery Sdn. Bhd.	24	28
	Segi Tiara Sdn. Bhd.	-	13
Repair and service of plant and machinery receivable	Radiant Seas Sdn. Bhd.	(14)	-
	Ekovest Construction Sdn. Bhd.	(1)	-
Sub-contractor cost	Hi-Plus Development Sdn. Bhd.	154	-
Company			
Interest income receivable	Aramijaya Sdn. Bhd.	(1,892)	(633)
Rental of premises payable	Limbongan Setia Corporation Sdn. Bhd.	108	108
Outsourcing of workforce	Ikhlasi Bina Sdn. Bhd.	55	(77)
Sub-contractor cost	Ikhlasi Bina Sdn. Bhd.	23,201	3,330

Balances with related parties are disclosed in Note 17, Note 22 and Note 24. These transactions have been entered into in the normal course of business and have been established under negotiated terms.

33. SEGMENTAL INFORMATION

During the financial year, the Group adopted FRS 8 Operating Segments. FRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Directors in order to allocate resources to the segments and assess their performance. Nevertheless, the replaced FRS 114_{2004} required the identification of two sets of segments – one based on related products and services, and the other on geographical area. FRS 114_{2004} regarded one set as primary segments and the other as secondary segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise loans and borrowings related expenses, corporate assets (primarily the Company's headquarter) and head office expenses.

notes to the financial statements (cont'd)

33. SEGMENTAL INFORMATION (CONT'D)

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

Business segments

The Group comprises the following main business segments:

Construction	Civil engineering and construction work of earthwork and building
Plantation	Management and operation of forest plantation, logging, saw milling, chipping and other downstream manufacturing and related activities, and operation of oil palm plantation.

Geographical segments

The activities of the Group are carried out in Malaysia and accordingly no segmental reporting by geographical location is presented.

Business segments

	Construction		Plantation		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
REVENUE						
Segment revenue	106,452	43,444	16,927	19,674	123,379	63,118
Segment result	9,026	6,425	9,016	1,385	18,042	7,800
Results from operating activities					18,042	7,800
Interest income					1,151	413
Finance costs					(1,456)	(1,371)
Profit before taxation					17,737	6,842
Taxation					(6,321)	7,190
Net profit for the financial year					11,416	14,032
Business segments						
Segment assets	46,531	58,013	246,128	176,052	292,659	234,065
Unallocated assets	-	-	-	-	-	14,602
Total assets	46,531	58,013	246,128	176,052	292,659	248,667
Segment liabilities	27,758	27,717	167,190	134,813	194,948	162,530
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	120,820	27,717	659,446	134,813	194,948	162,530
Capital expenditure	439	526	30,813	15,335	31,252	15,861
Depreciation	459	440	1,973	3,433	2,432	3,873
Amortisation of deferred interests	-	-	1,218	1,218	1,218	1,218
Amortisation of forest plantation project	-	-	172	312	172	312

notes to the financial statements (cont'd)

33. SEGMENTAL INFORMATION (CONT'D)

Business segments (Cont'd)

	Construction		Plantation		Consolidated	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Business segments (Cont'd)						
Amortisation of prepaid lease payments	-	-	594	592	594	592
Non-cash expenses other than depreciation and amortisation	341	-	-	-	341	-

34. CONTINGENT LIABILITIES

	Company	
	2011 RM'000	2010 RM'000
Unsecured		
Performance bond to third parties in respect of a project	9,400	9,400
Performance bond to third parties in respect of a project of a subsidiary	529	265
Corporate guarantee to third party in respect of purchasing of machinery by a subsidiary	1,431	1,859
Corporate guarantee to third party in respect of purchasing of motor vehicles by a subsidiary	15	307
Corporate guarantee to Johor State Government in respect of payment by a subsidiary	40,303	46,060
Corporate guarantee to third party in respect of a term loan facility held by a subsidiary	38,668	25,466
	90,346	83,357

35. MATERIAL LITIGATION

A contractor, Magjaya filed a claim against the Company for a breach of RM10.4 million. The Company has counter claimed for a sum of RM4.7 million, alleging that the contractor has breached its obligations for a sub-contractor work together with interest of 8% per annum from the date of the filing of defence until the date of full realisation.

On 16th February 2011, the Court delivered its decision and judged that Magjaya's claim be dismissed with costs and that the Company's counterclaim be allowed with costs in the sum of RM1.39 million with interest at 8% per annum from 1st February 2004 to the date of full settlement ("Judgment Sum").

On 4th March 2011, Magjaya has lodged an Appeal against the decision of the High Court delivered on 16th February 2011. On 23rd March 2011, the Company has served a statutory demand pursuant to Section 218 of the Companies Act 1965 against Magjaya to demand for the Judgement Sum. Due to Magjaya's failure to comply with said statutory demand, the Company proceeded to file a Winding Up Petition against Magjaya ("the Petition") in Alor Setar High Court on 9th May 2011. The Petition is now fixed for hearing on 22nd August 2011.

The Directors are of the opinion that there is no merit to the claim by the contractor and the Company has a good defence to the contractor's claim.

36. FINANCIAL INSTRUMENTS

(a) Financial Risk Management and Objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group and the Company's risk management framework. The Group and the Company's financial risk management policy seek to ensure that adequate financial resources are available for the development of the Group and the Company's businesses whilst managing its credit risk, interest rate risk and liquidity and cash flow risk. The Group and the Company's risk management approach seek to minimise the potential material adverse effects from these exposures. The Board reviews and agrees policies for managing each of these risks and they are summarised below. As the Group and the Company's exposure to market risk are kept at a minimum level, the Group and the Company have not used any derivatives financial instruments for trading purposes.

Certain comparative figures have not been presented for 31st March 2010 by virtue of the exemption given in paragraph 44AA of FRS 7, Financial Instruments: Disclosures.

(i) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over certain amount.

The Group and the Company trade only with recognised and creditworthy third parties. It is the Group and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group and the Company are satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Monies due from the customers are followed up, reviewed on a regular basis to understand the reasons of non-payment or delay in payment, if any, so that appropriate actions can be implemented promptly.

The maximum exposure to credit risk for each of the financial assets at the reporting date was as follows:-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade and other receivables	49,004	6,775	6,458	1,450
Amount due from a subsidiary	-	-	52,660	35,774
Fixed deposits placed with licensed banks	43,215	30,400	42,162	29,347
Cash and bank balances	8,431	27,783	1,522	18,579
	100,650	64,958	102,802	85,150
Financial guarantee	90,346	83,357	90,346	83,357
	190,996	148,315	193,148	168,507

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(i) Credit risk (Cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 17 to the financial statements.

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 17 to the financial statements.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group and the Company's exposure to interest rate risk arise primarily from fixed deposits placed with licensed banks, finance lease liabilities and term loans.

The Group and the Company's policy is to manage interest cost using mix of fixed and floating rate debts, which depends on the interest rates market and economic conditions. For interest income from cash deposits, the Group and the Company manage the interest rate risk by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms.

Profile

At the reporting date, the interest rate profile of interest-bearing financial instruments is as follows:-

	2011		2010	
	Average Effective Interest Rate %	Carrying amount RM'000	Average Effective Interest Rate %	Carrying amount RM'000
Group				
Fixed rate instruments				
Fixed deposits placed with licensed banks	2.31	43,215	2.31	30,400
Finance lease liabilities	5.59	2,304	5.59	2,600
Term loan	6.75	38,668	6.75	25,466
Company				
Fixed rate instruments				
Fixed deposits placed with licensed banks	2.63	42,162	2.31	29,347
Amount due from a subsidiary	5.43	52,660	5.43	35,774
Finance lease liabilities	4.97	330	4.97	423

Interest rate sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss of the Group and of the Company.

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(iii) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company maintain sufficient cash and cash equivalents and internally generated cash flows to finance its activities and has available adequate amount of committed credit facilities from financial institutions.

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash, and available funding through an adequate amount of committed credit facilities. Due to dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities is as follows:-

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
31st March 2011					
Group					
Amount due to Johor State Government	4,539	4,539	13,618	8,367	31,063
Amount due to a related party	45,000	-	-	-	45,000
Finance lease liabilities	795	808	701	-	2,304
Term loan	-	-	14,175	24,493	38,668
Trade and other payables	61,182	-	-	-	61,182
Amount due to directors	3	-	-	-	3
	111,519	5,347	28,494	32,860	178,220
Company					
Finance lease liabilities	171	159	-	-	330
Trade and other payables	8,997	-	-	-	8,997
Amount due to a subsidiary	4,936	-	-	-	4,936
	14,104	159	-	-	14,263

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Instruments Classifications and Fair Values

(i) Financial assets and liabilities classification and fair values

The fair values of financial assets and liabilities of the Group and of the Company, together with the carrying amounts shown in the statement of financial position, are as follows:-

Group 31st March 2011	Note	Loans and receivables RM'000	Other financial liabilities RM'000	Total carrying amount RM'000	Fair value RM'000
Financial assets					
Trade and other receivables	17	49,004	-	49,004	49,004
Fixed deposits placed with licensed banks	18	43,215	-	43,215	43,215
Cash and bank balances		8,431	-	8,431	8,431
		100,650	-	100,650	100,650
Financial liabilities					
Trade and other payables	24	-	61,182	61,182	61,182
Amount due to Johor State Government	21	-	31,063	31,063	31,063
Amount due to a related party	22	-	45,000	45,000	45,000
Amount due to directors	26	-	3	3	3
Finance lease liabilities	23	-	2,304	2,304	2,304
Term loan	23	-	38,668	38,668	38,668
		-	178,220	178,220	178,220
Company 31st March 2011					
Financial assets					
Trade and other receivables	17	6,458	-	6,458	6,458
Amount due from a subsidiary	14	52,660	-	52,660	52,660
Fixed deposits placed with licensed banks	18	42,162	-	42,162	42,162
Cash and bank balances		1,522	-	1,522	1,522
		102,802	-	102,802	102,802
Financial liabilities					
Trade and other payables	24	-	8,997	8,997	8,997
Finance lease liabilities	23	-	330	330	330
Amount due to a subsidiary	25	-	4,936	4,936	4,936
		-	14,263	14,263	14,263

(ii) Determination of fair values

The carrying amounts of trade and other receivables, amounts due from a subsidiary, fixed deposits placed with licensed banks, cash and bank balances, trade and other payables, borrowings and amount due to directors approximate their fair values due to relatively short term nature of these financial instruments.

The carrying amounts of short term borrowings with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) **Financial Instruments Classifications and Fair Values (Cont'd)**

(ii) Determination of fair values (Cont'd)

Non-derivative financial liabilities

Fair value of hire purchase and finance lease liabilities and term loans ("non-derivative financial liabilities"), which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2011 %
Finance lease liabilities	3.00 - 4.35
Term loans	6.75

(c) **Unrecognised Financial Instruments**

There were no unrecognised financial instruments on the statements of financial position of the Group and of the Company as at 31st March 2011.

37. CAPITAL MANAGEMENT

The Group and the Company's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group and the Company maintain an optimum capital structure through internally generated funds.

The capital equity of the Group and of the Company consist of equity attributable to owners of the Company, comprising share capital, shares premium, retained profits and total liabilities.

The debt-to-equity ratio is as follows:-

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total liabilities	194,948	162,530	27,309	2 2,182
Equity attributable to owners of the Company	91,841	81,629	80,782	71,389
Debt-to-equity ratio	212.3%	199.1%	33.8%	31.1%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

There were no change in the Group and the Company's approach in capital management during the financial year.

Other than as mentioned, the Group and the Company are not subject to any externally imposed capital requirements.

38. COMPARATIVE FIGURES

The following comparative figures have been restated in order to conform to current year's presentation and as a result of the adoption of amendments to FRS 117 as disclosed in Note 2.2 (a) to the financial statements.

	Group			
	As previously stated 31.3.2010 RM'000	**As restated 31.3.2010 RM'000**	**As previously stated 1.4.2009 RM'000**	**As restated 1.4.2009 RM'000**
Statements of financial position				
Non-current assets				
Property, plant and equipment	67,178	18,603	55,189	20,863
Prepaid lease payments	8,721	7,556	9,326	8,148
Amount due from a related party	52,500	-	52,500	-
Performance deposits	-	52,500	-	52,500
Plantation development expenditure	-	49,740	-	35,504

	Company			
	As previously stated 31.3.2010 RM'000	**As restated 31.3.2010 RM'000**	**As previously stated 1.4.2009 RM'000**	**As restated 1.4.2009 RM'000**
Statements of financial position				
Non-current assets				
Property, plant and equipment	1,533	2,698	1,420	2,598
Prepaid lease payments	1,165	-	1,178	-

The comparative figures of the Group and of the Company for the financial year ended 2010 have been audited by another firm of chartered accountants other than Messrs Baker Tilly Monteiro Heng.

supplementary information on the disclosure of realised and unrealised profits or losses

On 25th March 2011, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the reporting date, into realised and unrealised profits or losses.

On 20th March 2011, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31st March 2011 are as follows:-

	Group RM'000	**Company RM'000**
Total retained profits of the Company and its subsidiaries		
- Realised	20,858	10,182
- Unrealised	1,022	639
Total retained profits	21,880	10,821

The determination of realised and unrealised profits is complied based on Guidance of 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,* issued by the Malaysian Institute of Accountants on 20th March 2011.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

statement by directors

We, **HAJI JOHAR SALIM BIN YAHAYA and TAN SRI DATO' LIM KANG YEW,** being two of the directors of **PLS PLANTATIONS BERHAD,** do hereby state that in the opinion of the directors, the financial statements set out on pages 27 to 86 are properly drawn up in accordance with the 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 31st March 2011 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 87 have been compiled in accordance with the Guidance of 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,* issued by the Malaysian Institute of Accountants.

On behalf of the Board,

....
HAJI JOHAR SALIM BIN YAHAYA
Director

....
TAN SRI DATO'LIM KANG YEW
Director

Kuala Lumpur
Date: 27th July 2011

statutory declaration

I, **HEI KUM HONG** , being the officer primarily responsible for the financial management of **PLS PLANTATIONS BERHAD,** do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 27 to 86 and the supplementary information set out on page 87 are 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, l960.

....
HEI KUM HONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27th July 2011.

Before me,

....
Zulkifla Mohd Dahlim (W541)
Commissioner for Oaths

independent auditors' report

to the members of PLS Plantations Berhad

Incorporated in Malaysia

Report on the Financial Statements

We have audited the financial statements of PLS Plantations Berhad, which comprise the statements of financial position as at 31st March 2011 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 27 to 86.

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 the Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, 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 judgement, 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 controls relevant to the Company'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 Company's internal controls. An audit also includes evaluating the appropriateness of 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 the 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 31st March 2011 and of their financial performance and cash flows for the financial year then ended.

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 have been properly kept in accordance with the provisions for the Act.

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

(c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

(a) Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information set out on page 87 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.

Other Matters (Cont'd)

(b) The financial statements of the Group and of the Company as at 31st March 2010 were audited by another firm of chartered accountants which report dated 30th July 2010, expressed an opinion without any modification on that financial statements.

(c) 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.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

M. J. Monteiro
No. 828/05/12 (J/PH)
Partner

Kuala Lumpur
Date: 27th July 2011

analysis of shareholdings

as at 8th August 2011

Authorized capital	:	RM200,000.000
Issued and fully paid-up	:	RM65,340,000
Class of shares	:	Ordinary shares of RM0.20 each
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholder	%	No. of shareholdings	%
Less than 100	45	4.24	861	0.00
100 - 1,000	289	27.24	78,339	0.02
1001 - 10,000	387	36.47	2,166,700	0.66
10,001 - 100,000	265	24.98	7,829,000	2.40
100,000 - less than 5% of issued shares	71	6.69	121,657,100	37.24
5% and above issued shares	4	0.38	194,968,000	59.68
TOTAL	1,061	100.00	326,700,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct shareholdings	%	Indirect shareholdings	%
1. Kumpulan Prasarana Rakyat Johor Sdn Bhd	76,500,000	23.42	-	-
2. Limbongan Resources Sdn Bhd	74,970,000	22.95	-	-
3. Tan Sri Dato' Lim Kang Yew	36,175,000	11.07	-	-
4. Dato' Lim Kang Poh	22,323,000	6.83	-	-
5. Lee Hun Kheng	-	-	74,970,000	22.95
6. Lim Keng Guan	-	-	81,605,000	24.98
TOTAL	209,968,000	64.27		

DIRECTORS SHAREHOLDINGS

Name of Directors	Direct shareholdings	%	Indirect shareholdings	%
1. Haji Johar Salim bin Yahaya	-	-	-	-
2. Tan Sri Dato' Lim Kang Yew	36,175,000	11.07	-	-
3. Mr Lee Hun Kheng	-	-	74,970,000	22.95
4. Dato' Lim Kang Hoo	-	-	-	-
5. Dato' Lim Kang Poh	22,323,000	6.83	-	-
6. Dato' Haji Ibrahim bin Haji Keling	-	-	-	-
7. Encik Hisham bin Mahmood	-	-	-	-
8. Ms Kang Hui Ling	-	-	-	-
9. Puan Norliza binti Suleiman	-	-	-	-
TOTAL	58,498,000	17.90		

analysis of shareholdings
as at 8th August 2011 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	Shareholdings	%
1.	Kumpulan Prasarana Rakyat Johor Sdn. Bhd.	76,500,000	23.42
2.	Limbongan Resources Sdn. Bhd.	59,970,000	18.36
3	Tan Sri Dato' Lim Kang Yew	36,175,000	11.07
4.	Dato' Lim Kang Poh	22,323,000	6.83
5.	Limbongan Resources Sdn. Bhd.	15,000,000	4.59
6.	Lim Keng Cheng	8,732,700	2.67
7.	Lim Seong Hai Holdings Sdn. Bhd.	6,635,000	2.03
8.	Yap Shing @ Yap Sue Kim	6,616,300	2.03
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - *CIMB Bank for Mohamad Nor bin Hamid*	3,938,200	1.21
10.	Khoo Nang Seng @ Khoo Nam Seng	3,915,000	1.20
11.	Koh Hong Seng	3,708,500	1.14
12.	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. - *Pledged securities account for Tan Wen Shiow*	3,689,700	1.13
13.	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. - *Pledged securities account for Wong Kim Leng*	3,314,500	1.02
14.	OSK Nominees (Tempatan) Sdn. Bhd. - *Pledged securities account for Ngai Sok Fong*	3,215,300	0.98
15.	Loh Yu San	3,073,900	0.94
16.	Wong Yit Choy	2,965,700	0.91
17.	HSBC Nominees (Asing) Sdn. Bhd. - *Bintang Mas Consulting Ltd*	2,924,000	0.90
18.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. - *Pledged securities account for Pang Piu Fong*	2,908,500	0.89
19.	ECML Nominees (Tempatan) Sdn. Bhd. - *Pledged securities account for Yap Kok Woon*	2,852,700	0.87
20.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. - *Pledged securities account for Cheong Meow Yen*	2,267,500	0.69
21.	Wong Khai Shiang	2,261,000	0.69
22.	Gary Lee Seaton	2,139,000	0.65
23.	Tan Lai Leng	2,097,200	0.64
24.	Cheong Meow Yen	1,855,500	0.57
25.	Tung Foong Ngoh	1,681,500	0.51
26.	Lim Hoe	1,673,000	0.51
27.	Tan Huey Ying	1,547,300	0.47
28.	Yong Huoy Ping	1,461,000	0.45
29.	Ong Chin Hooi	1,439,000	0.44
30.	Foo Suet Kum	1,429,500	0.44
TOTAL		288,309,500	88.25

list of properties

as at 31st March 2011

No	Location	Description /Existing Use	Area	Land tenure	Age of Building	Date of Acquisition	Cost RM	Net Book Value RM '000
1	H.S. (D) No. 9469, PT No. 7923, Mukim Batu Caves, Selangor Darul Ehsan.	4-Storey Shop/Head Office Building	226.00 sq. m (2,434 sq. ft)	Freehold	19 Years	31.03.1992	688,000	476
2	HS (M) 28398, PT 30419, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,365.50 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	31.03.2003	191,077	174
3	HS (M) 28402, PT 30423, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,401.50 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	31.03.2003	196,115	179
4	HS (M) 28454, PT 30475, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,399.20 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	31.03.2003	195,793	179
5	HS (M) 28556, PT 30577, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,206.40 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	02.02.2005	179,877	167
6	HS (M) 28619, PT 30640, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,602.10 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	02.02.2005	238,871	222
7	HS (M) 28620, PT 30641, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,662.90 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	02.02.2005	247,930	231

list of properties
as at 31st March 2011 (cont'd)

No	Location	Description /Existing Use	Area	Land tenure	Age of Building	Date of Acquisition	Cost RM	Net Book Value RM '000
8	No. 21, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	11 Years	15.09.2000	157,640	124
9	No. 22, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	11 Years	15.09.2000	157,640	124
10	No. 21, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	11 Years	15.09.2000	155,290	122
11	No. 22, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	11 Years	15.09.2000	155,290	122
12	Plot 12, Jalan Simen 1, Kawasan Pelabuhan Johor, 81700 Pasir Gudang, Johor	Chipping Plant Factory	621,863 sq. ft	Leasehold 19 years expiring on 22 Mar 2023	6 Years	30.04.2004	16,805,213	11,199
13	No.G-12, No. 1-12, No. 2-12, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru	3-Storey Shop Office	3,360 sq. ft	Freehold	4 Years	05.10.2006	823,528.05	789
14	No.G-14, No. 1-14, No.2-14, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru	3-Storey Shop Office	3,360 sq. ft	Freehold	4 Years	05.10.2006	823,528.05	789

The group has not revalued any of its properties

PLS PLANTATIONS BERHAD
Company No. 160032-K

proxy form

I/We____

of____

being a member/members of the above named Company hereby appoint_____________________

of ____

or failing whom____

of ____

or the Chairman of the meeting as my/our proxy on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held on **Thursday, 29th day of September 2011 at 10.00 a.m.** at Function Room, KKlub, Jalan Melawati 3, Taman Melawati, 53100 Selangor Darul Ehsan.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "**X**".

NO.	ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Adoption of Audited Financial Statements	[Resolution 1]		
2.	Approval of Directors' Fee	[Resolution 2]		
3.	Re-election of Directors :- a. Mr Lee Hun Kheng *(Article 82)*	[Resolution 3]		
	b. Miss Kang Hui Ling *(Article 82)*	[Resolution 4]		
4.	Re-election of Dato Haji Ibrahim bin Haji Keling Section 129 (6)	[Resolution 5]		
5.	Re-appointment of Auditors	[Resolution 6]		
6.	**ORDINARY RESOLUTION 1** Authority to Issue Shares pursuant to Section 132D Of the Companies Act, 1965	[Resolution 7]		
	ORDINARY RESOLUTION 2 Renewal of Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or trading nature	[Resolution 8]		

Dated this ____________ day of ____________ 2011

Number of shares held ____________

Signature of Shareholder (s)

Notes :

1. *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
2. *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.*
3. *If the appointor is a corporation, this proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*
4. *To be valid, this proxy form, duly completed must be deposited at the Registered Office not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.*

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARIES

PLS PLANTATIONS BERHAD
(Company No. 160032-K)

17C, Wisma Limbongan Setia
Jalan SG 3/4, Taman Seri Gombak
68100 Batu Caves
Selangor Darul Ehsan

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PLS PLANTATIONS BERHAD
Company No. 160032-K

17, Wisma Limbongan Setia, Jalan SG 3/4,
Taman Seri Gombak, 68100 Batu Caves, Selangor Darul Ehsan