2012
ANNUAL REPORT

PRICEWORTH INTERNATIONAL BERHAD (399292-V)
(Incorporated in Malaysia)

Annual Report 2012

Priceworth Wood International Berhad (399292-V)

PRICEWORTH INTERNATIONAL BERHAD
(Company No. 399292 - V)

1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P.O. Box 2848, 90732 Sandakan, Sabah, Malaysia.
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E-mail: pwpbhd@streamyx.com / maxland@streamyx.com

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Corporate Information

BOARD OF DIRECTORS

Lim Nyuk Foh
(Managing Director)

Koo Jenn Man
(Executive Director)

Dato' Sri Chee Hong Leong, JP
(Independent Non-Executive Director)

Kwan Tack Chiong
(Independent Non-Executive Director)

Ooi Jit Huat
(Independent Non-Executive Director)

AUDIT COMMITTEE

Kwan Tack Chiong
(Chairman)

Ooi Jit Huat
(Member)

Dato' Sri Chee Hong Leong
(Member)

COMPANY SECRETARY

Katherine Chung Mei Ling (MAICSA 7007310)

REGISTERED OFFICE

1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4,
Jalan Utara, P.O. Box 2848, 90732 Sandakan, Sabah

Tel No. : 089 221170/223767/221211
Fax No. : 089 221213/227823

HEAD OFFICE

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Email : pwpbhd@streamyx.com/ pricwor@tm.net.my / maxland@streamyx.com
Website : www.pwpmalaysia.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel No. : 03-7841 8000
Fax No. : 03-7841 8151/03-7841 8152

PRINCIPAL BANKERS

Bank Kerjasama Rakyat Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad

AUDITORS

Ernst & Young
16th Floor, Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan
Sabah

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

STOCK NAME

PWORTH

BURSA SECURITIES STOCK NO.

7123

Notice of the Sixteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of the Company will be convened and held at Sabah Oriental Hotel, Lorong Karamunsing, Kota Kinabalu, Sabah on Thursday, 20 December 2012 at 2.00 p.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2012 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees in respect of the financial year ended 30 June 2012. **Resolution 1**

3. To re-elect the retiring Directors pursuant to Article 86 of the Company's Articles of Association and being eligible, offer themselves for re-election:

   (i) Mr Kwan Tack Chiong **Resolution 2**
   (ii) Dato' Sri Chee Hong Leong **Resolution 3**

4. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 4**

5. **Special Business**

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

   Ordinary Resolution
   - **Proposed renewal of authority for the Company to purchase its own shares representing up to 10% of its issued and paid-up share capital** **Resolution 5**

"**THAT** subject always to compliance with the Companies Act, 1965 ("the Act"), the Articles of Association of the Company, the Listing Requirements of Bursa Securities Malaysia Berhad ("Bursa Securities") or any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up ordinary share capital as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

(a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total issued and paid-up ordinary share capital of the Company at any point in time of the said purchase(s);

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium of the Company at the time of the said purchase(s); and

(c) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:
   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
   (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
   (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

   whichever is earlier;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

(aa) cancel all the shares so purchased; and/or
(bb) retain the shares so purchased in treasury for distribution as dividend to the shareholders or resell on the market of Bursa Securities; and/or
(cc) retain part thereof as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors of the Company and/or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/or authorised by this Ordinary Resolution."

6. **Special Resolution**
   - **Proposed amendments to the Articles of Association of the Company** — **Resolution 6**

   "**THAT** the proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as set out in Appendix I attached to the Annual Report 2012 be and hereby approved and adopted AND THAT the Directors of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the proposed amendments to the Articles of Association."

7. To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

BY ORDER OF THE BOARD

Katherine Chung Mei Ling
(MAICSA 7007310)
Company Secretary

Sandakan
28 November 2012

Notes:

1. *Only a depositor whose name appears on the Record of Depositors as at 14 December 2012 shall be entitled to attend, speak and vote at the Sixteenth Annual General Meeting or appoint proxy/proxies to attend and vote on his/her behalf.*

2. *A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

3. *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.*

4. *Where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

5. *To be valid, this form duly completed must be deposited at the Registered Office of the Company at Lot 5, 1st Floor, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P. O. Box 2848, 90732 Sandakan, Sabah not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

6. *EXPLANATORY NOTE ON SPECIAL BUSINESS*

   Ordinary Resolution (Resolution 5)
   - ***Proposed renewal of authority for the Company to purchase its own shares representing up to 10% of its issued and paid-up share capital***

   The proposed Resolution No. 5, if passed, will empower the Directors to purchase the Company's shares up to 10% of the issued and paid-up capital of the Company at any point of time. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

   Special Resolution (Resolution No. 6)
   - ***Proposed amendments to the Articles of Association of the Company***

   The proposed Resolution No. 6 is in relation to proposed amendments to the Company's Article of Association, if passed, will update the Company's Article of Association in line with the amendments made to the Main Market Listing Requirements of Bursa Securities.

APPENDIX I

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article No.	Existing Provisions	Proposed Amendments
2	Definitions No provision	Definitions "Exempt authorised nominee" An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
73	Voting Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members, on a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present or present by proxy or by attorney or in the case of a corporation by a representative, and entitled to vote, shall be entitled to one (1) vote, and on poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every such share he holds.	Voting A Member entitled to attend and vote at a meeting or at meeting of any class of Members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company. Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of Members or classes of Members, a holder of ordinary shares or preference shares who is personally present or present by proxy or by attorney or in the case of a corporation by a representative, and entitled to vote, shall be entitled to one (1) vote on a resolution to be decided on a show of hands, and on poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every such share he holds. A proxy appointed to attend and vote at the meeting shall have the same rights as the Members to speak at the meeting.
79	Appointment of more than one (1) proxy Where a Member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Appointment of more than one (1) proxy Where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

Article No.	Existing Provisions	Proposed Amendments
80	Form of Proxy Notes:- A proxy may but need not a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. To be valid, this form duly completed must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a Member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Form of Proxy Notes:- (1) A proxy may but need not a Member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company. (2) A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting unless he specifies the proportions of his holdings to be represented by each proxy. (3) In the case of a corporate member, the instrument appointing a proxy shall be either under its Common Seal or under the hand of an officer or attorney duly authorised. (4) Where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. (5) To be valid, this form duly completed must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting.
164	Effect of the Listing Requirements (1) Notwithstanding anything contained in these articles, if the Listing Requirements prohibit an act being done, the act shall not be done. (2) Nothing contained in these articles prevents an act being done that the Listing Requirements require to be done.	Effect of the Listing Requirements (1) Notwithstanding anything contained in these articles, if the Listing Requirements prohibit an act being done, the act shall not be done. (2) Nothing contained in these articles prevents an act being done that the Listing Requirements require to be done.

Article No.	Existing Provisions	Proposed Amendments
	(3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). (4) If the Listing Requirements require these articles to contain a provision and they do not contain such a provision, these articles are deemed to contain that provision. (5) If the Listing Requirements require these articles not to contain a provision and they contain such a provision, these articles are deemed not to contain that provision. (6) If any provision of these articles is or becomes inconsistent with the Listing Requirements, these articles are deemed not to contain that provision to the extent of the inconsistency. Notwithstanding anything contained in these Articles, nothing herein shall prevent the Directors from applying to the Exchange for a waiver from compliance or observance of such Listing Requirements. In the event the compliance or observance of such Listing Requirements are waived by the Exchange, the Company shall not be required to comply with any of the articles relating those Listing Requirements in respect of which compliance or observance has been waived by the Exchange.	(3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). (4) If the Listing Requirements require these articles to contain a provision and they do not contain such a provision, these articles are deemed to contain that provision. (5) If the Listing Requirements require these articles not to contain a provision and they contain such a provision, these articles are deemed not to contain that provision. (6) If any provision of these articles is or becomes inconsistent with the Listing Requirements, these articles are deemed not to contain that provision to the extent of the inconsistency. (7) For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Exchange Main Market Listing Requirements including any amendment to the Listing Requirements that may be made from time to time.

Managing Director's Statement

On behalf of the Board of Directors ("the Board"), I am pleased to present to you the Annual Report and Audited Financial Statements of Priceworth International Berhad ("PWI" or "the Group") for the financial year ended 30 June 2012.

Financial Results

For the financial year ended 30 June 2012, the Group recorded a total gross revenue of RM275.7 million and profit after taxation of RM1.55 million. The current year's revenue was lower compared to RM400.7 million in the preceding financial year. The current year's Group profit after taxation was also lower compared to RM4.23 million in the preceding financial year.

The lower revenue and profit after taxation were due to the slower than expected recovery in the global demand for processed wood products and the strengthening of the Ringgit against the US Dollar as a significant portion of the Group's exports were traded in US Dollar. In addition, the Group and the timber industry in Sabah generally also experienced shortage and irregular supply of logs.

Prospects

The Board anticipates another challenging and competitive year in 2012/2013 in view of the uncertain economic conditions in both Europe and Japan and the demand for timber and processed products are not expected to increase significantly in the current financial year. The Group is also seeking a more stable supply of raw materials by securing timber concessions and will continue to look into improvements in operational efficiencies, strengthening cost control, improving its marketing and distribution network.

Barring any unforeseen circumstances and subject to improvements in global economic conditions, the Board will endeavour to maintain the Group's performance in the coming financial year.

Directorate

The Board wishes to record its appreciation to Tan Sri Sabbaruddin Chik, who resigned as our Chairman on 6 June 2012, for his services rendered to the Company.

Acknowledgement

On behalf of the Board, I wish to thank our valued shareholders, customers, suppliers, business associates, the regulatory authorities and financiers for their loyalty and continued support.

I would like to extend my appreciation to my fellow Board members for their invaluable advice and contributions. My special thanks go out to our employees and managers of the Group for their tremendous commitment throughout these challenging economic times.

I look forward to your continued support as we progress ahead to achieve greater growth and success.

Lim Nyuk Foh
Managing Director

Sandakan
28 November 2012

Corporate Social Responsibility

The Board recognises the importance of playing its role as a socially responsible corporate citizen in the workplace, community, environment and marketplace. The good corporate governance through practising accountability, honesty, transparency coupled with effective adoption of corporate social responsibility will ensure sustainability in the competitive corporate world and positive influence on the Group's business strategy and performance in the short-term and long-term. The Corporate Social Responsibility practised by PWI Group is broadly divided into four (4) focal areas as follows:

1. The Workplace

   PWI Group places an importance to its human capital as the most valuable asset. The Group has conducted various in-house training programme which are job-related in nature for the required skills, knowledge and experience. PWI also provides a safe and healthy conducive working condition for its employees and factory workers. Preventive actions and risk mitigation measures such as fire drills, factory safety, site briefings are conducted from time to time. The Board believes that continuous learning and human capital development will produce effective performance, high commitment in all levels of employees and ultimately contributes an added value to Group as a whole.

2. The Community

   The Group plays its role actively in creating employment and job opportunities for fresh graduates which help the government in reducing the unemployment.

3. The Environment

   The Group identifies the importance in preserving its operating environment and has taken efforts on waste recycle by converting the leftover core to activated carbon for the use in water filtration system. PWI reuses its wood waste and combined with resin turn into composite material suitable for use in construction, temporary flooring and packing material.

4. The Marketplace

   At the marketplace, PWI Group operates in tandem with its vision through sound business practices, good corporate governance and effective management with the aim to enhance the stakeholders' value.

   As a socially responsible corporate citizen, the Group's efforts are evident in its Quality Management System certificates accorded such as the MS ISO 9001:2000 Certificate issued by SIRIM QAS International Sdn Bhd., an independent Malaysian certification, inspection and testing body compliance with internationally recognized standards.

Directors' Profile

Lim Nyuk Foh

Malaysian, aged 48
Managing Director

Mr Lim founded the PWI Group and was appointed to the Board on 2 November 2001.

He holds a Degree in Finance majoring in Investment from the University of Toledo, United States of America. Coming from a family involved in the timber business, he ventured into the trading of timber for the domestic and foreign market in 1989. In 1990 he founded Priceworth Industries Sdn Bhd to undertake the sawmilling and timber extraction business. He has more than 23 years of extensive experience in the timber industry.

He has no directorship in other public company.

Koo Jenn Man

Malaysian, aged 39
Executive Director

Mr Koo was admitted to the Board on 25 May 2011. He graduated from University of Otago, Dunedin, New Zealand in 1996 with a Bachelor of Commerce major in Accountancy. He is members of the Malaysian Institute of Accountants and the Chartered Institute of Management Accountant (United Kingdom) respectively. He started his career as an audit assistant at PricewaterhouseCooper (Malaysia), Kota Kinabalu in 1997. He was made a Senior Associate in 2000 and held the position for three (3) years. Subsequently in 2003, he joined Priceworth International Berhad (the then Priceworth Wood Products Berhad) as an Accountant in charged of finance and accounts operations of the Group. His job functions also oversee administration and the overall management of the operations of the PWI Group.

He has no directorship in other public companies.

Dato' Sri Chee Hong Leong, JP

Malaysian, aged 48
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit and Nomination Committees

Dato' Sri Chee joined the Board on 10 February 2009. He graduated with a Bachelor of Engineering (Computer) in 1987 and a Master of Business Administration in 1989 both from McMaster University, Hamilton, Ontario, Canada. He began his career in 1990 coordinating the development in corporate and annual strategic plants for Leisure Holidays Group of Companies. In 1992, he ventured into various businesses which involved designing and building individual bungalows for landowners at various housing projects in the Klang Valley as well as building and operating a 100,000 square feet Information Technology Incubation Centre in University Putra Malaysia. Subsequently, he joined Tanco Resort Berhad from 1998-2002 where he held various positions from General Manager to Executive Director/Chief Operating Officer. Currently, he is the Chairman of Kiara Susila Sdn Bhd, a property development company.

He also sits on the boards of SYF Resources Berhad and SEG International Berhad all listed on Bursa Securities and Speedtoyz Berhad, a public company.

Directors' Profile (continued)

Kwan Tack Chiong

Malaysian, aged 49
Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination and Remuneration Committees

Mr Kwan was appointed to the Board of PWI on 2 November 2001. He graduated with a Bachelor of Business Administration from the University of Toledo, United States of America. He started his career as a supervisor in Pinayas Wood Products Sdn Bhd in 1989. He joined Trimwood Industrial Sdn Bhd in 1990 as a Manager until 1992. From 1992 until 1993 he was the Marketing Manager of Service Trading Sdn Bhd before admitted to the Board of Directors of Priceworth Industries Sdn Bhd from 1994 to 1995. He was appointed as director for Matotech (M) Sdn Bhd in 1996 and has since held the office until today.

He has no other directorship in other public companies.

Ooi Jit Huat

Malaysian, aged 61
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit and Remuneration Committees

Mr Ooi was appointed to the Board of Directors of PWI on 2 November 2001.

He started his career at Peat Marwick Mitchell & Co, Kuala Lumpur. He was a supervisor in the Computer Audit Department for Peat Marwick Mitchell & Co in London from 1980 to 1981. Subsequently on 1981, he was a Manager at Peat Marwick Mitchell & Co of Kuala Lumpur until 1982. In 1983, he became a Financial Controller for Zemex Corporation before he founded his own public accounting firm, Russ Ooi & Associates in 1985. He has over 27 years of experience in the financial industry having carved areas of expertise in corporate consultancy, financial management, management information systems and auditing and investigations. His professional assignments covered flotations exercises, investigations and due diligence reporting and the reverse take-overs of several companies on the Bursa Securities. He is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and the Malaysian Institute of Taxation.

Mr Ooi is also a director of Kwantas Corporation Berhad, a listed company.

Directors' Profile (continued)

Other Information of Directors

1. **Family Relationship of Directors**

   None of the Directors have any family relationship with other Directors.

2. **Conflict of Interest**

   None of the Directors has any conflict of interest with the Company.

3. **Convictions of Offences**

   None of the Directors have been convicted of any offence within the past ten (10) years other than traffic offences.

4. **Shareholdings**

   The particulars of the Directors' Shareholdings are set out on page 82 of this Annual Report.

5. **Details of Attendance of Board Meetings held during the financial year ended 30 June 2012**

Name of Directors	No. of Meetings Attended	%
Tan Sri Sabbaruddin Chik *	5/5	100
Dato' Sri Chee Hong Leong	5/5	100
Mr Lim Nyuk Foh	4/5	80
Mr Koo Jenn Man	5/5	100
Mr Kwan Tack Chiong	5/5	100
Mr Ooi Jit Huat	5/5	100

* *Resigned from the Board on 6 June 2012.*

Statement Of Corporate Governance

The Board of Priceworth International Berhad is committed in ensuring that the principles and the best practices of corporate governance are practised in the manner set out in the Malaysian Code on Corporate Governance ("the Code"). The Board recognizes that good corporate governance practice is a continuous process and observes as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

The statements described the application on the Principles of the Code and the extent of compliance with the Best Practices of the good corporate governance as set out in Part 1 and Part 2 of the Code.

BOARD OF DIRECTORS

Board Composition

As at the date of this report, the Board comprises of members of different backgrounds, expertise and diverse skill to effectively lead and control the Company. As at the date of this Report, there are five (5) Directors in total that consist of two (2) Executive Directors and three (3) Independent Non-Executive Directors. The profile of each Director is presented in this Annual Report on pages 10 to 12.

Board Balance

The Board is responsible for the overall performance of the Company by setting the directions and objectives, formulating the policies, strategic action plans and stewardship of the Company's resources. The Board regularly reviews the Company's business operations identifying risks and ensuring the existence of adequate internal controls and management systems to measure and manage risks and maintains full and effective control over management of the Company.

The Board has yet to decide on the appointment of Chairman of the Company following the resignation of Tan Sri Sabbaruddin Chik on 6 June 2012.

Board Meetings

Board Meetings will be held at least four (4) times a year at quarterly intervals with additional meetings convened, whenever necessary.

During the year under review, the Board has met on a total of five (5) occasions. All Directors' attended more than half in number of board meetings held during the financial year. The attendance record of each individual Director at the meetings are set out on page 12 of this Annual Report.

The Board acts on matters which require its decision to ensure the right direction and within the objective of the Company. The Board is provided with the agenda of board meeting and the detailed information to enable them to deliberate in the meeting and hence make decision. Besides that, the Board also approves matters through circular resolutions.

Supply of Information

The chairman of the board or committee meetings will ensures that due notice of meetings and the relevant information papers on the business of the meeting, including financial-related information of the Group are timely distributed to the Directors or committee members. The Directors are given total access to additional information and clarification in furtherance to the discharge of their duties. The Directors are also updated with the operations, development and performance of the Group.

The Directors are unhindered to the advice and services of the company secretary. The Board is permitted to draw external profession advice as and when deemed appropriate.

Appointment to the Board

The Board is of the opinion that its current composition and size constitute an effective Board to the Company.

Re-election of Directors

In accordance with the provisions of the Company's Articles of Association, at least one-third (1/3) of the Directors, including Managing Director are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire and be eligible for re-election at least once in three (3) years.

Statement Of Corporate Governance
(continued)

Directors' Training

All the Directors had fulfilled the Mandatory Accreditation Programme ("MAP") stipulated by Bursa Securities. Although the mandatory Continuing Education Programme ("CEP") was repealed on 1 January 2005, the Board holds the view on continuous training is vital in broadening their perspectives to aid them in discharging their duties and responsibilities more effectively. The Board evaluates and determines on the training needs deemed appropriate to keep abreast with updates from time to time on new statutory and regulatory requirements and the business environment.

During the financial year 2012, the Directors attended the following training programme/seminar:

Director	Mode of Training	Title of Training	Duration (Day)
Tan Sri Sabbaruddin Chik *	In-house seminar	Black Swan- Transformation of Risks	½
Dato' Sri Chee Hong Leong	In-house seminar	Black Swan- Transformation of Risks	½
Mr Lim Nyuk Foh	In-house seminar	Black Swan- Transformation of Risks	½
Mr Koo Jenn Man	In-house seminar	Transaction by Directors and Practical CSP Issues	1
		Black Swan- Transformation of Risks	½
Mr Kwan Tack Chiong	In-house seminar	Black Swan- Transformation of Risks	½
Mr Ooi Jit Huat	In-house seminar	The MIA-AFA Conference 2011	2
		Black Swan- Transformation of Risks	½

* *Tan Sri Sabbaruddin Chik resigned from the Board on 6 June 2012*

The Directors were regularly updated on the regulatory requirements, industry developments, changes in laws and accounting standards from the management, auditors and company secretary.

Board Committee

As recommended by the Code, the Board has delegated some of the responsibilities to Audit Committee, Nomination Committee and Remuneration Committee, all of which operate with the defined terms of reference. All these Committees do not have executive power but report to the Board on all matters considered and their recommendations thereon.

1. Audit Committee

The composition of the Audit Committee and its terms of reference of the Audit Committee are presented in pages 18 to 19 of this Annual Report.

2. Nomination Committee

A Nomination Committee is represented by the following members:

i. Mr Ooi Jit Huat*
ii. Mr Kwan Tack Chiong
iii. Dato' Sri Chee Hong Leong**
iv. Tan Sri Sabbaruddin Chik***

Note *Appointed as Chairman on 25 October 2012
**Appointed as Member on 29 August 2012
***Resigned as Member on 6 June 2012

The Nomination Committee had one (1) meeting during the financial year. The Committee is responsible for making recommendations to the Board on re-election of retiring Directors, and review on the required mix of skills and experience and assessment of the Board.

3. Remuneration Committee

The Remuneration Committee is made up of the following members:

i. Dato' Sri Chee Hong Leong*
ii. Mr Kwan Tack Chiong
iii. Mr Ooi Jit Huat
iv. Tan Sri Sabbaruddin Chik**

Note *Appointed as Chairman on 29 August 2012
**Resigned as Member on 6 June 2012

The Committee is responsible in reviewing and recommending to the Board on the remuneration packages and benefits for Executive Directors and if necessary, the Committee is empowered sought for the prevailing market practices to determine the remuneration packages of directors. The Directors' fees for the Non-Executive Directors are recommended by the Board and to be approved by the shareholders at the Annual General Meeting. Individual Director is not allowed to participate in discussion of his own remuneration.

The Remuneration Committee held one (1) meeting during the financial year to carry out its function as stated within the terms of reference.

Directors' Remuneration

The determination of the remuneration packages of Directors is a matter for the Board as a whole and individual is abstained from deliberation and voting on decision in respect of own remuneration. The Board, in its opinion of the band disclosure on the Directors' remuneration as allowed by the Listing Requirements is acceptable and appropriate. The band disclosure of on Directors' remuneration can be seen in Note 11 of the audited financial statements on page 50. The Board also believes that the aspect of transparency and accountability are not compromised as far as corporate governance is concerned.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board believes in clear and regular communication with its shareholders and institutional investors. The Annual Report, announcements through Bursa Link on financial results on a quarterly and other disclosures provide an avenue to disseminate information to the shareholders with an overview of the Group's performance and its business activities. The shareholders and general public can access to the Company's website at www.pwpmalaysia.com.my to retrieve information on the Group.

The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting and Extraordinary General Meeting whereby the Directors are available to discuss aspects of the Group's performance and its business activities.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders as well as the Chairman's statement and review of the operations in the Annual Report.

Internal Control

The overview of the state of internal controls within the Group is covered under Statement on Internal Control presented on page 16 of this Annual Report.

Relationship with the Auditors

The Company has established a formal and transparent relationship with the auditors in line with the auditors' professional requirements ensuring compliance with the accounting standards in Malaysia. One of the many functions of the Audit Committee especially with regard to the external auditors is highlighted in the Audit Committee Report on page 18 to 19 of this Annual Report.

Statement of Internal Control

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements, the Board hereby presents the Group's Statement of Internal Control.

Apart from the internal audit, the Board has a system in place which emphasizes balanced monitoring and reviewing of the Group's daily operations. The Managing Director and the Executive Director, through their close involvement in the business operations and regular attendance at senior management level meetings, manage and monitor the Group's financial performance, operational effectiveness and efficiency, discuss and resolve significant issues faced by the Group.

Their senior management meetings serve as a platform for the Board, through the Board members, to communicate and address significant matters in relation to the Group's business and financial affairs and to provide updates on any significant risks in the business and the external environments which may result in significant loss.

The Group's detailed organizational structure embeds a strong control features which identifies the head of each department, their subordinates and superiors, hence creating clear reporting lines.

In view of the present size of the Group's operations, the in-house internal audit function will continue to play an important role by continuously reviewing the Group's internal control system. Through their internal audit procedures, they provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control systems, identifying potential risk exposures over key businesses and processes whilst monitoring proper conduct of business within the Group.

The internal audit function assists the Board in the further reviewing and evaluation of the adequacy and integrity of the Group's internal control systems. The Audit Committee meets to review, discuss, and direct appropriate actions on matters arising from the internal audit reports. Internal audits are carried out from time to time based on significant issues from the operations of the Group.

The internal auditors adopt a risk-based approach and prepare their audit plan based on critical issues affecting and those that could occur within the Group and from the changes in the external operating environment. The audit plan is presented to the Audit Committee for approval annually. The resulting reports from the audits undertaken are reviewed by the Audit Committee and then forwarded to the operational management for their corrective actions within the required time frame.

Having reviewed the Group's major business risks and appropriate control systems, the Board is satisfied with the Group's internal control system for the financial year under review.

Statement Of Directors' Responsibility

The Directors are responsible for ensuring the financial statements for each financial year are drawn up in accordance with the provisions of the Companies Act 1965 and the applicable Financial Reporting Standards in Malaysia, so as to give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and of their financial performance and cash flows for the financial year.

The Directors consider, that in preparing the annual financial statements, the Company and the Group have

(a) adopted appropriate accounting policies and applied them consistently;
(b) made judgments and estimates that are prudent and reasonable; and
(c) adhered to the applicable approved accounting standards in Malaysia.

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

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

Audit Committee Report

Composition

The Audit Committee has three (3) members, all of whom are Independent Non-Executive Directors. The composition of the Audit Committee is shown in the Corporate Information of page 2 in this Annual Report.

Dato' Sri Chee Hong Leong was appointed a member of Audit Committee on 29 August 2012, subsequent to the resignation of Tan Sri Sabbaruddin Chik as member of Audit Committee on 6 June 2012. Dato' Sri Chee Hong Leong is an Independent Non-Executive Director and that he has satisfied the test of independence based on the Main Market Listing Requirements. Accordingly, the composition of the members of Audit Committee fulfilled the requirement of paragraph 15.09(1)(c)(i) of the Listing Requirements.

The Board evaluates the performance of members of the Audit Committee and reviews the terms of office once in every three (3) years. The assessment is carried out annually to ensure the Audit Committee members are able discharge their functions, duties and responsibilities in accordance with the Terms of Reference of the Audit Committee to meet the objectives amongst others, in providing assistance to the Board in fulfilling its fiduciary responsibilities in the PWI Group.

Key Functions and Roles of Audit Committee and Attendance

During the financial year under review, there were five (5) Audit Committee meetings held. The attendance record of the Audit Committee members is as follows**:**

Name of Members	Designation	No. of Meetings Attended	%
Mr Kwan Tack Chiong	Chairman	5/5	100
Tan Sri Sabbaruddin Chik*	Member	5/5	100
Mr Ooi Jit Huat	Member	5/5	100
Dato' Sri Chee Hong Leong**	Member	0/0	0

* *Tan Sri Sabbaruddin Chik resigned as member of Audit Committee on 6 June 2012.*
** *Dato' Sri Chee Hong Leong was appointed as member of Audit Committee on 29 August 2012.*

Other Board members and senior management staff attended the meetings upon invitation of the Committee to seek clarification on audit issues and information in relation to the operation of the PWI Group. The internal auditor was present at the Audit Committee meetings to table the internal audit Planning Memorandum and Internal Audit Reports and hence briefed on matters arising from the reports.

The Audit Committee met the partner or director of external auditors at least on two (2) occasions of the committee meeting to review the Audit Planning Memorandum and the annual audited financial statements for FY2012. The external auditors were also invited to raise with the Audit Committee any significant matter for the attention of Audit Committee. The Audit Committee Chairman presented the recommendation of the Committee to the Board for approval on the quarterly financial reports and annual audited financial statements. Any significant matters raised by the external auditors or internal auditor would be conveyed to the Board.

Issues deliberated and decisions arrived at during the Audit Committee meetings were recorded. The minutes of preceding Audit Committee meetings were tabled for confirmation at the following Audit Committee meeting, of which it is presented at the Board for notation.

Summary Activities of the Audit Committee

During the financial year, the Audit Committee discharged its duties as follows:

- reviewed the Audit Plan with the external auditors;
- discussed and recommended the audited financial statements of the Company and of the Group for the Board's approval;
- reviewed the external auditors' report in relation to the audit for the year ended 30 June 2012;
- recommended the re-appointment of external auditors.
- reviewed, discussed and recommended the unaudited quarterly results of the Group to be presented to the Board for approval;
- reviewed and approved the Internal Audit Plan;

Audit Committee Report
(continued)

- reviewed and discussed the Internal Auditors' Reports;
- reviewed the Statement of Internal Control and the Audit Committee Report in respect of the financial year ended 30 June 2012 and presented to the Board's approval.

Internal Audit Activities

The Company's in-house internal audit function reports directly to the Audit Committee. Its role is to assist the Audit Committee in monitoring risks with independent review. The internal auditor carries out independent systematic assessment on adequacy of the internal control system to provide objective feedback and reports the Audit Committee to ensure compliance with the systems and standard operating procedures in the Group.

The internal auditor had adopted a risk-based approach towards the planning and conduct of audits that are consistent with the Group's established framework in designing, implementing and monitoring of its internal control systems.

The activities carried out by the internal auditor during the financial year ended 30 June 2012 are as follows:

- conducted internal audit reviews according to the approved internal audit plan and presented the results of the audit reviews to the Audit Committee at the quarterly meetings; and

- followed up on the implementation of audit recommendations and management action plans, and reported to the Audit Committee the status of their implementation at the quarterly meetings of the Audit Committee.

The total cost incurred for the Group's internal audit function amounted to approximately RM50,000.

Additional Compliance Information

During the financial year:

(a) Share Buy-Back

The shareholders of the Company, by an ordinary resolution in the last Annual General Meeting held on 19 December 2011 approved the Company's Proposed Renewal Share Buy-Back Scheme ("Share Buy-Back") to purchase up to 10% of its own issued and paid-up share capital of RM1.00 each.

There was no purchase of own shares from the open market during the financial year. As at 30 June 2012, the Company held a total of 12,562,832 treasury shares. None of them were resold or cancelled.

(b) Options, Warrants or Convertible Securities

No options, warrants or convertible securities in the Company were issued or exercised during the financial year.

(c) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programs during the financial year.

(d) Imposition of Sanctions and/or Penalties

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

(e) Non-Audit Fees

The non-audit fees of RM2,000.00 were paid by the Company to the external auditors.

(f) Variation in Results

There were no material variance between the audited results for the financial year ended 30 June 2012 and the unaudited results released for the quarter ended 30 June 2012 of the Group.

(g) Profit Guarantee

There were no profit guarantees given by the Company and its subsidiary.

(h) Material Contracts

There were no material contracts of the Company and its subsidiaries involving the interest of directors or major shareholders other than the related party transactions as disclosed in Note 28 of the audited financial statements on page 70 to 71.

Financial Statements

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2012.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 18 to the financial statements.

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

Results

	Group RM	Company RM
Profit net of tax	1,548,742	198,303
Profit attributable to:		
Owners of the parent	1,544,423	198,303
Non-controlling interests	4,319	-
	1,548,742	198,303

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effect arising from the recognition of the deferred tax assets of a subsidiary company which has resulted in an increase in the Group's profit net of tax by RM7,500,000.

Directors

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

Lim Nyuk Foh
Koo Jenn Man
Kwan Tack Chiong
Ooi Jit Huat
Datuk Chee Hong Leong
Tan Sri Sabbaruddin Chik (Resigned on 6 June 2012)

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

Directors' report
(continued)

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and warrants of the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	1.7.2011	**Acquired**	**Sold**	**30.6.2012**
Name of director				
Direct interest:				
Lim Nyuk Foh	53,258,611	-	-	53,258,611
Koo Jenn Man	510	-	-	510

Interest in Warrants

	Number of Warrants 2012/2016				
	1.7.2011	**Acquired**	**Sold**	**Exercised**	**30.6.2012**
Name of director					
Lim Nyuk Foh	26,629,305	-	-	-	26,629,305

Lim Nyuk Foh by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

Treasury shares

As at 30 June 2012, the Company held as treasury shares a total of 12,562,832 of its 186,278,118 issued ordinary shares. Such treasury shares are held at a carrying amount of RM10,324,612 and further relevant details are disclosed in Note 25 to the financial statements.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Directors' report
(continued)

Other statutory information (continued)

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

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

(e) At the date of this report, there does not exist:

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

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors on 29 October 2012.

Lim Nyuk Foh

Koo Jenn Man

Sandakan, Malaysia

Statement by Directors/ Statutory Declaration

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

We, Lim Nyuk Foh and Koo Jenn Man, being two of the directors of Priceworth International Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 28 to 79 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 37 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors on 29 October 2012.

Lim Nyuk Foh

Koo Jenn Man

Sandakan, Malaysia

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

I, Koo Jenn Man, being the director primarily responsible for the financial management of Priceworth International Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 28 to 79 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Koo Jenn Man
at Sandakan in the State of Sabah
on 29 October 2012 Koo Jenn Man

Koo Jenn Man

Before me –

HAMZAH HJ. ABDULLAH
Commissioner for Oaths
S 088

Independent auditors' report
to the members of PRICEWORTH INTERNATIONAL BERHAD
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Priceworth International Berhad, which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 79.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2012 and of their financial performance and cash flows for the 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 of the Act.

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

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Independent auditors' report
to the members of PRICEWORTH INTERNATIONAL BERHAD
(Incorporated in Malaysia) (continued)

Other matters

The supplementary information set out in Note 37 on page 79 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

Chong Ket Vui, Dusun
2944/01/13 (J)
Chartered Accountant

Sandakan, Malaysia
29 October 2012

Statements of comprehensive income

For the financial year ended 30 June 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	5	275,746,494	400,686,381	14,508,574	12,200,391
Cost of sales		(222,215,861)	(329,818,983)	-	-
Gross profit		53,530,633	70,867,398	14,508,574	12,200,391
Other items of income					
Interest income	6	9,118	288,322	-	236,010
Other income	7	9,898,601	6,120,691	-	25,800
Other items of expense					
Other operating expenses		(470,058)	(97,944)	-	-
Administrative expenses		(22,261,839)	(21,777,893)	(2,652,627)	(1,126,438)
Selling expenses		(25,351,200)	(31,696,853)	-	-
Finance costs	8	(21,026,252)	(19,815,777)	(11,716,647)	(10,706,156)
(Loss)/profit before tax	9	(5,670,997)	3,887,944	139,300	629,607
Income tax expense	12	7,219,739	344,788	59,003	(59,003)
Profit net of tax		1,548,742	4,232,732	198,303	570,604
Other comprehensive (loss)/income		(199,131)	2,523	-	-
Total comprehensive income		1,349,611	4,235,255	198,303	570,604
Profit attributable to:					
Owners of the parent		1,544,423	4,130,310	198,303	570,604
Non-controlling interests		4,319	102,422	-	-
		1,548,742	4,232,732	198,303	570,604
Total comprehensive income attributable to:					
Owners of the parent		1,345,292	4,132,833	198,303	570,604
Non-controlling interests		4,319	102,422	-	-
		1,349,611	4,235,255	198,303	570,604
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	0.89	2.37		

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

Statements of financial position
As at 30 June 2012

	Note	Group 2012 RM	Group 2011 RM (restated)	Company 2012 RM	Company 2011 RM (restated)
Assets					
Non-current assets					
Property, plant and equipment	14	374,838,778	375,042,950	19,615	68,418
Biological assets	15	14,975,274	8,353,428	-	-
Land use rights	16	4,834,817	4,854,074	-	-
Intangible assets	17	30,655,300	40,989,369	-	-
Investments in subsidiaries	18	-	-	289,341,920	285,341,920
Deferred tax assets	24	7,500,000	-	-	-
		432,804,169	429,239,821	289,361,535	285,410,338
Current assets					
Inventories	19	55,054,520	66,325,654	-	-
Income tax refundable		16,253	28,286	-	-
Trade and other receivables	20	51,167,734	60,814,805	3,046,953	11,239,082
Prepayments		2,832,417	9,622,277	-	634,495
Cash and bank balances	21	1,842,331	7,717,607	92,049	145,505
		110,913,255	144,508,629	3,139,002	12,019,082
Total assets		543,717,424	573,748,450	292,500,537	297,429,420
Equity and liabilities					
Current liabilities					
Loans and borrowings	22	51,373,222	40,009,169	13,735,325	12,699,390
Trade and other payables	23	47,719,754	61,725,631	4,386,435	584,864
Income tax payable		962,832	2,372,676	-	59,003
		100,055,808	104,107,476	18,121,760	13,343,257
Net current assets/(liabilities)		10,857,447	40,401,153	(14,982,758)	(1,324,175)
Non-current liabilities					
Loans and borrowings	22	140,852,233	168,002,254	125,594,486	135,500,175
Deferred tax liabilities	24	23,733,315	23,557,263	-	-
		164,585,548	191,559,517	125,594,486	135,500,175
Total liabilities		264,641,356	295,666,993	143,716,246	148,843,432
Net assets		279,076,068	278,081,457	148,784,291	148,585,988

Statements of financial position
As at 30 June 2012 (continued)

	Note	Group 2012 RM	Group 2011 RM (restated)	Company 2012 RM	Company 2011 RM (restated)
Equity attributable to owners of the parent					
Share capital	25	93,139,059	93,139,059	93,139,059	93,139,059
Share premium	25	59,890,697	59,890,697	59,890,697	59,890,697
Treasury shares	25	(10,324,612)	(10,324,612)	(10,324,612)	(10,324,612)
Retained earnings	26	131,317,213	130,127,790	1,736,265	1,537,962
Other reserves	27	4,146,274	4,345,405	4,342,882	4,342,882
		278,168,631	277,178,339	148,784,291	148,585,988
Non-controlling interests		907,437	903,118	-	-
Total equity		279,076,068	278,081,457	148,784,291	148,585,988
Total equity and liabilities		543,717,424	573,748,450	292,500,537	297,429,420

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

Consolidated statement of changes in equity For the financial year ended 30 June 2012

	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Other reserves, total RM	Warrant reserve RM	Foreign currency translation reserve RM	Non-controlling interests RM
			Attributable to owners of the parent								
				Non-Distributable			Distributable		Non-Distributable		
2012											
Group											
Opening balance at 1 July 2011		278,081,457	277,178,339	93,139,059	59,890,697	(10,324,612)	130,127,790	4,345,405	4,342,882	2,523	903,118
Total comprehensive income		1,349,611	1,345,292	-	-	-	1,544,423	(199,131)	-	(199,131)	4,319
Transactions with owners											
Dividend on ordinary shares		(355,000)	(355,000)	-	-	-	(355,000)	-	-	-	-
Total transactions with owners		(355,000)	(355,000)	-	-	-	(355,000)	-	-	-	-
Closing balance at 30 June 2012		279,076,068	278,168,631	93,139,059	59,890,697	(10,324,612)	131,317,213	4,146,274	4,342,882	(196,608)	907,437
2011											
Group											
Opening balance at 1 July 2010		269,941,351	269,140,655	93,139,059	59,890,697	(10,324,101)	126,435,000	-	-	-	800,696
Total comprehensive income		4,235,255	4,132,833	-	-	-	4,130,310	2,523	-	2,523	102,422
Transactions with owners											
Issue of warrants	27	3,905,362	3,905,362	-	-	-	(437,520)	4,342,882	4,342,882	-	-
Purchase of treasury shares	25	(511)	(511)	-	-	(511)	-	-	-	-	-
Total transactions with owners		3,904,851	3,904,851	-	-	(511)	(437,520)	4,342,882	4,342,882	-	-
Closing balance at 30 June 2011		278,081,457	277,178,339	93,139,059	59,890,697	(10,324,612)	130,127,790	4,345,405	4,342,882	2,523	903,118

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

Company statement of changes in equity
For the financial year ended 30 June 2012

	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	← Non-distributable: Share capital RM	Share premium RM	Treasury shares RM →	Distributable: Retained earnings RM	Non-distributable: Warrant reserve RM
2011								
Company								
Opening balance at 1 July 2011		148,585,988	148,585,988	93,139,059	59,890,697	(10,324,612)	1,537,962	4,342,882
Total comprehensive income		198,303	198,303	-	-	-	198,303	-
Closing balance at 30 June 2012		148,784,291	148,784,291	93,139,059	59,890,697	(10,324,612)	1,736,265	4,342,882
Opening balance at 1 July 2010		144,110,533	144,110,533	93,139,059	59,890,697	(10,324,101)	1,404,878	-
Total comprehensive income		570,604	570,604	-	-	-	570,604	-
Transactions with owners								
Issuance of warrants	27	3,905,362	3,905,362	-	-	-	(437,520)	4,342,882
Purchase of treasury shares	25	(511)	(511)	-	-	(511)	-	-
Total transactions with owners		3,904,851	3,904,851	-	-	(511)	(437,520)	4,342,882
Closing balance at 30 June 2011		148,585,988	148,585,988	93,139,059	59,890,697	(10,324,612)	1,537,962	4,342,882

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

Statements of cash flows
For the financial year ended 30 June 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Operating activities					
(Loss)/profit before tax		(5,670,997)	3,887,944	139,300	629,607
Adjustments for:					
Depreciation of property, plant and equipment	9	41,113,466	42,717,007	48,803	94,127
Amortisation of land use rights	9	71,536	41,656	-	-
Amortisation of timber rights	9	10,334,069	4,337,421	-	-
Biological assets written off	9	53,721	-	-	-
Property, plant and equipment scrapped	9	4,916	4,823,037	-	-
Net gain on disposal of property, plant and equipment	7 & 9	(494,799)	(1,209,420)	-	-
Gain on disposal of investment in a subsidiary company	7	-	(690,679)	-	-
Interest income	6	(9,118)	(288,322)	-	(236,010)
Interest expense	8	20,093,962	19,815,777	11,716,647	10,706,156
Total adjustments		71,167,753	69,546,477	11,765,450	10,564,273
Operating cash flows before changes in working capital		65,496,756	73,434,421	11,904,750	11,193,880
Changes in working capital					
Decrease in inventories		11,271,134	2,457,750	-	-
Decrease in receivables		9,647,071	5,518,721	8,192,129	2,451,737
Decrease/(increase) in prepaid operating expenses		6,789,860	(4,483,204)	634,495	(634,495)
(Decrease)/increase in payables		(14,005,877)	(17,755,100)	3,801,571	(276,158)
Total changes in working capital		13,702,188	(14,261,833)	12,628,195	1,541,084
Cash flows from operations		79,198,944	59,172,588	24,532,945	12,734,964
Interest paid		(20,093,962)	(19,815,777)	(11,716,647)	(10,706,156)
Income taxes refunded		25,002	86,031	-	-
Income taxes paid		(1,527,022)	(1,048,096)	-	-
Net cash flows from operating activities		57,602,962	38,394,746	12,816,298	2,028,808

Statements of cash flows
For the financial year ended 30 June 2012 (continued)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Investing activities					
Additional investment in a subsidiary company		-	-	(4,000,000)	-
Addition of land use rights		(52,279)	-	-	-
Purchase of property, plant and equipment	14	(46,808,809)	(13,347,577)	-	-
Payment for forest planting expenditure	15	(6,414,631)	(4,510,612)	-	-
Proceeds from disposal of a subsidiary	18(a)	-	497,797	-	-
Proceeds from disposal of property, plant and equipment		6,128,462	5,410,500	-	-
Interest received		9,118	288,322	-	236,010
Net cash flows (used in)/from investing activities		(47,138,139)	(11,661,570)	(4,000,000)	236,010
Financing activities					
Proceeds from issue of warrants		-	3,905,362	-	3,905,362
Purchase of treasury shares		-	(511)	-	(511)
Dividend paid		(355,000)	-	-	-
Proceeds from term loans		8,085,460	-	-	-
Repayment of loans and borrowings		(24,131,878)	(34,553,861)	(8,869,754)	(10,340,717)
Net cash flows used in financing activities		(16,401,418)	(30,649,010)	(8,869,754)	(6,435,866)
Net decrease in cash and cash equivalents		(5,936,595)	(3,915,834)	(53,456)	(4,171,048)
Effect of exchange rate changes		(199,131)	2,523	-	-
Cash and cash equivalents at beginning of year		7,717,607	11,630,918	145,505	4,316,553
Cash and cash equivalents at end of year	21	1,581,881	7,717,607	92,049	145,505

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

1. Corporate information

Priceworth International Berhad ("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 1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, 90000 Sandakan, Sabah.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 18 to the financial statements.

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

2. Fundamental accounting concept

During the financial year, the Group has defaulted on finance lease principal and interest payments. The Group experienced a temporary shortage of fund due to capital expenditure incurred on the expansion projects undertaken by the Group. Consequently, during the year ended 30 June 2012, the Group is unable to settle its liabilities within the credit period granted by its creditors. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is dependent on its ability to generate adequate cash flows from its future operations. The directors also has plan to disposing of the Group's non-cash generating assets to mitigate the temporary shortage of fund.

In the event that the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. No such adjustments have been made to these financial statements.

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 3.2.

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

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

3.2 Changes in accounting policies

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

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

FRS, Amendments to FRS and IC Interpretations	Effective for annual periods beginning on or after
Amendments to FRS 1: Limited Exemption for First-Time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011

3. Summary of significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

FRS, Amendments to FRS and IC Interpretations	**Effective for annual periods beginning on or after**
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4: Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	Effective Immediately
Amendments to FRS 9 (IFRS 9 issued by IASB in November 2009): Mandatory Effective Date of FRS 9 and Transition Disclosures	Effective Immediately
Amendments to FRS 9 (IFRS 9 issued by IASB in October 2010): Mandatory Effective Date of FRS 9 and Transition Disclosures	Effective Immediately

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

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosure is not relevant to the Group and the Company. The liquidity risk disclosures are not significantly impact by the amendments and are presented in Note 32(b).

The Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as discussed below:

Amendments to FRS 7: Disclosures - Transfers of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 101 - Presentation of Items of Other Comprehensive Income

The amendment to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's and the Company's financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

3. Summary of significant accounting policies (continued)

3.3 Standards and interpretations issued but not yet effective (continued)

FRS 10: Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entitles including special purpose entities. The changes introduced by FRS 10 will required management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS127 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Malaysian Financial Reporting Standards ("MFRS Framework")

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

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2015. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

3. Summary of significant accounting policies (continued)

3.3 Standards and interpretations issued but not yet effective (continued)

Malaysian Financial Reporting Standards ("MFRS Framework") (continued)

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the Group and the Company financial performances and financial positions as disclosed in these financial statements for the year ended 30 June 2012 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2015.

3.4 Basis of consolidation

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

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

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 3.9. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

3.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3. Summary of significant accounting policies (continued)

3.6 Foreign currency

a) Functional and presentation currency

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

b) Foreign currency transactions

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

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

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

c) Foreign operations

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

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

3.7 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

The leasehold land and buildings of the Group have not been revalued since they were first revalued in 1996. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1996 valuation less accumulated depreciation and impairment losses.

3. Summary of significant accounting policies (continued)

3.7 Property, plant and equipment (continued)

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

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

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

Long term leasehold land	Over remaining lease term of land
Buildings	2% - 10%
Heavy equipment, motor vehicles and motor launches	10% - 20%
Plant and machinery	7%
Furniture, fittings and equipment	10% - 33 1/3%
Aircraft	10%
Tug boat and scow	10%
Camp infrastructure	15%

Assets under constructions included in plant and equipment are not depreciated as these assets are not available for use.

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

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

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

3.8 Biological assets

Forest planting expenditure

All direct and related expenses incurred on the development of the Company's Sustainable Forest Management Project under a Sustainable Forest Management Licence Agreement with the State Government of Sabah is stated at cost and capitalised as biological assets. The expenditure will be amortised upon commencement of log extraction on the basis of the volume of logs extracted during the financial year as a proportion of the estimated volume available.

3.9 Intangible assets

Goodwill

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

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

3. Summary of significant accounting policies (continued)

3.9 Intangible assets (continued)

Goodwill (continued)

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.6.

3.10 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

3.11 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

3.12 Subsidiaries

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

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

3. Summary of significant accounting policies (continued)

3.13 Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition.

Loans and receivables

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

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

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

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

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

3.14 Impairment of financial assets

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

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

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

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

3. Summary of significant accounting policies (continued)

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

3.16 Inventories

Inventories are stated at lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in, first-out basis.

- Finished goods and work-in-progress: cost of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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.

3.17 Provisions

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

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

3.18 Government grants

Grants are recognised initially at their fair value in the balance sheet as a deduction in arriving at the carrying value of the assets where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as a deduction in arriving at the carrying value of the assets.

3.19 Financial liabilities

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

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

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

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

3. Summary of significant accounting policies (continued)

3.19 Financial liabilities (continued)

Other financial liabilities (continued)

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

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

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

3.20 Borrowing costs

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

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

3.21 Employee benefits

Defined contribution plans

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

3.22 Leases

As Lessee

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

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

3. Summary of significant accounting policies (continued)

3.23 Revenue recognition

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

i) Sale of goods

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

ii) Dividend income

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

iii) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

3.24 Income taxes

a) Current tax

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

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

b) Deferred tax

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

3. Summary of significant accounting policies (continued)

3.24 Income tax (continued)

b) Deferred tax (continued)

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

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

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

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

3.25 Share capital and share issuance expenses

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

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

3.26 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3.27 Warrants reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

3.28 Contingencies

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

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

4. Significant accounting estimates

Key sources of estimation uncertainty

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

a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 10 years. These are common life expectancies applied in timber operation. Changes in the expected level of usage could impact the economic useful lives and the residual value of these assets, therefore further depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 13. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 113% (2011: 38%) variance in the Group's profit for the year.

b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 16.

c) 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.

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

During the year, a subsidiary of the Group has recognised RM30,685,085 of unrecognised tax losses on 30 June 2012 as management considered that it is probable that taxable profits will be available against which the losses can be utilised.

The carrying value of deferred tax assets of the Group at 30 June 2012 was RM131,225,205 (2011: RM139,865,393) and recognised tax losses, capital and reinvestment allowances at 30 June 2012 was RM125,722,044 (2011: RM112,704,368) and the unrecognised tax losses at 30 June 2012 was RM5,503,161 (2011: RM27,161,025).

5. Revenue

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Sale of processed wood products	213,151,277	289,255,958	-	-
Sale of logs	30,561,926	14,682,299	-	-
Contract fees	28,994,308	90,927,876	-	-
Road tolls	2,330,406	5,684,546	-	-
Barge hire income	708,577	135,702	-	-
Gross dividend from a subsidiary	-	-	14,508,574	12,200,391
	275,746,494	400,686,381	14,508,574	12,200,391

6. Interest income

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Interest income from:				
Deposits with licensed banks	4,077	251,883	-	236,010
Repos	5,041	36,439	-	-
	9,118	288,322	-	236,010

7. Other income

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Gain on disposal of property, plant and equipment	494,799	1,312,067	-	-
Gain on foreign exchange	1,475,890	600,950	-	-
Gain on disposal of investment in a subsidiary company (Note 18(b))	-	690,679	-	-
Gate pass income	437,163	664,032	-	-
Insurance claim received	1,692,937	468,836	-	-
Rental income	879,836	122,148	-	-
Miscellaneous income	2,279,059	1,647,494	-	25,800
Sale of scrap iron	292,838	99,404	-	-
Sale of saw dust	2,346,079	515,081	-	-
	9,898,601	6,120,691	-	25,800

8. Finance costs

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Interest expense on:				
Bank loans	11,716,647	10,706,156	11,716,647	10,706,156
Obligations under finance leases	6,294,235	8,563,960	-	-
Others	3,015,370	496,448	-	-
Revolving credit	-	49,213	-	-
Total finance costs	21,026,252	19,815,777	11,716,647	10,706,156

9. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Employee benefits expense (Note 10)	34,746,038	42,397,911	279,705	109,529
Non-executive directors' remuneration (Note 11)	252,000	253,500	252,000	253,500
Auditors' remuneration:				
- statutory audits				
- current year	160,300	205,840	50,000	56,000
- overprovided in prior years	(26,840)	(13,500)	(6,000)	-
- other services	51,500	42,300	9,000	9,000
Amortisation of timber rights (Note 17)	10,334,069	4,337,421	-	-
Depreciation of property, plant and equipment (Note 14)	41,113,466	42,717,007	48,803	94,127
Amortisation of land use rights (Note 16)	71,536	41,656	-	-
Biological assets written off	53,721	-	-	-
Hire of equipment	-	258,206	-	-
Rental expenses	461,629	1,432,374	-	-
Net foreign exchange loss	412,357	23,404	-	-
Loss on disposal of property, plant and equipment	-	102,647	-	-
Property, plant and equipment scrapped	4,916	4,823,037	-	-

10. Employee benefits expense

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Wages and salaries	33,814,642	41,277,650	246,600	96,863
Social security contributions	150,917	160,669	1,670	1,014
Contributions to defined contribution plan	1,229,457	1,347,083	31,435	11,652
	35,195,016	42,785,402	279,705	109,529
Capitalised in biological assets (Note 15)	(448,978)	(387,491)	-	-
Recognised in statements of comprehensive income (Note 9)	34,746,038	42,397,911	279,705	109,529

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM800,250 (2011: RM857,346) and RM66,800 (2011: RM6,129) respectively.

11. Directors' remuneration

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	666,330	689,186	66,800	6,129
Bonus	92,400	109,000	-	-
Defined contribution plan	41,520	59,160	-	-
Total executive directors' remuneration	800,250	857,346	66,800	6,129
Non-Executive:				
Fees	225,600	234,000	225,600	234,000
Other emoluments	26,400	19,500	26,400	19,500
Total non-executive directors' remuneration (Note 9)	252,000	253,500	252,000	253,500
Total directors' remuneration	1,052,250	1,110,846	318,800	259,629

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

	Number of directors	
	2012	2011
Executive directors:		
RM100,001 to RM150,000	1	1
RM250,001 to RM300,000	-	1
RM500,001 to RM550,000	1	1
Non-executive directors:		
Below RM50,000	3	3
RM100,001 to RM150,000	1	1

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2012 and 2011 are:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	121,745	193,303	-	59,003
- Overprovision in respect of previous years	(17,536)	(52,531)	(59,003)	-
	104,209	140,772	(59,003)	59,003

12. Income tax expense (continued)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Deferred income tax (Note 24):				
- Reversal of temporary differences	(7,625,788)	(418,249)	-	-
- Under/(over)provision in respect of previous years	301,840	(67,311)	-	-
	(7,323,948)	(485,560)	-	-
Income tax expense recognised in profit or loss	(7,219,739)	(344,788)	(59,003)	59,003

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2012 and 2011 are as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
(Loss)/profit before tax	(5,670,997)	3,887,944	139,300	629,607
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	(1,417,749)	971,986	34,825	157,402
Adjustments:				
Income not subject to taxation	(501,390)	(85,892)	(3,627,144)	(3,050,098)
Non-deductible expenses	5,639,695	3,191,606	3,592,319	2,951,699
Benefits from previously unrecognised tax losses and unabsorbed reinvestment allowances	(11,227,107)	(4,308,547)	-	-
Deferred tax assets not recognised	2,508	5,901	-	-
Under/(over)provision of deferred tax in respect of previous years	301,840	(67,311)	-	-
Overprovision of income tax in respect of previous years	(17,536)	(52,531)	(59,003)	-
	(7,219,739)	(344,788)	(59,003)	59,003

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

12. Income tax expense (continued)

Tax savings during the financial year arising from:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Utilisation of current year tax losses	-	61,071	-	-
Utilisation of previously unrecognised tax losses and unabsorbed reinvestment allowances	27,333	4,305,408	-	-

13. Earnings per share

a) Basic

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

	2012	**2011**
	RM	**RM**
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	1,544,423	4,130,310
Weighted average number of ordinary shares for basic earnings per share computation	173,715,286	173,715,694*
Basic earnings per share for profit for the year (sen)	0.89	2.37

* The weighted average number of shares in the previous financial year took into account the weighted average effect of changes in treasury shares transactions.

b) Diluted

Warrants were anti-dilutive and hence the diluted earnings per share was not calculated for the financial year.

14. Property, plant and equipment

	Long term leasehold land RM	Buildings RM	Heavy equipment, motor vehicles and motor launches RM	Plant and machinery RM	Furniture, fittings and equipment RM	Aircraft RM	Tug boat and scow RM	Camp infrastructure RM	Assets under construction RM	Total RM
Group										
Cost										
At 1 July 2010	32,744,799	112,473,176	179,759,061	212,627,566	9,196,221	16,433,565	-	39,302,952	11,287,633	613,824,973
Additions	-	846,838	2,255,123	1,749,412	1,124,169	-	5,494,548	10,486	1,867,001	13,347,577
Disposals	(350,000)	(1,220,000)	(3,454,668)	(2,183,763)	(10,515)	-	-	-	(693,359)	(7,912,305)
Scrapped	-	-	-	-	-	-	-	(12,403,291)	-	(12,403,291)
Adjustments	-	-	(25,000)	(8,167)	-	-	-	-	-	(33,167)
Reclassified to land use rights (Note 16)	-	-	-	-	-	-	-	-	(2,104,853)	(2,104,853)
Reclassifications	-	531,046	-	1,286,404	-	-	-	-	(1,817,450)	-
At 30 June 2011	32,394,799	112,631,060	178,534,516	213,471,452	10,309,875	16,433,565	5,494,548	26,910,147	8,538,972	604,718,934
Representing:										
At cost	9,747,695	86,955,658	178,534,516	213,471,452	10,309,875	16,433,565	5,494,548	26,910,147	8,538,972	556,396,428
At valuation	22,647,104	25,675,402	-	-	-	-	-	-	-	48,322,506
At 30 June 2011	32,394,799	112,631,060	178,534,516	213,471,452	10,309,875	16,433,565	5,494,548	26,910,147	8,538,972	604,718,934

14. Property, plant and equipment (continued)

	Long term leasehold land RM	Buildings RM	Heavy equipment, motor vehicles and motor launches RM	Plant and machinery RM	Furniture, fittings and equipment RM	Aircraft RM	Tug boat and scow RM	Camp infrastructure RM	Assets under construction RM	Total RM
Group										
Cost										
At 1 July 2011	32,394,799	112,631,060	178,534,516	213,471,452	10,309,875	16,433,565	5,494,548	26,910,147	8,538,972	604,718,934
Additions	476,507	7,724	17,511,052	158,364	1,028,869	-	4,803,508	14,100,906	8,721,879	46,808,809
Disposals	-	-	(15,204,039)	(3)	(2,000)	-	-	-	-	(15,206,042)
Scrapped	-	(2,108,975)	-	(6,960)	-	-	-	-	-	(2,115,935)
Reclassifications	-	282,868	30,674	652,868	-	-	(16,323)	-	(950,087)	-
At 30 June 2012	32,871,306	110,812,677	180,872,203	214,275,721	11,336,744	16,433,565	10,281,733	41,011,053	16,310,764	634,205,766
Representing:										
At cost	10,224,202	85,137,275	180,872,203	214,275,721	11,336,744	16,433,565	10,281,733	41,011,053	16,310,764	585,883,260
At valuation	22,647,104	25,675,402	-	-	-	-	-	-	-	48,322,506
At 30 June 2012	32,871,306	110,812,677	180,872,203	214,275,721	11,336,744	16,433,565	10,281,733	41,011,053	16,310,764	634,205,766

14. Property, plant and equipment (continued)

Group	Long term leasehold land RM	Buildings RM	Heavy equipment, motor vehicles and motor launches RM	Plant and machinery RM	Furniture, fittings and equipment RM	Aircraft RM	Tug boat and scow RM	Camp infrastructure RM	Assets under construction RM	Total RM
Accumulated depreciation										
At 1 July 2010	1,375,804	11,676,957	83,840,074	66,631,859	6,954,647	4,405,748	-	22,514,551	-	197,399,640
Depreciation charge for the year	353,195	3,719,164	17,200,773	15,069,399	706,024	1,643,357	262,970	3,952,658	-	42,907,540
Disposals	(2,976)	(91,500)	(2,043,797)	(869,077)	(10,425)	-	-	-	-	(3,017,775)
Scrapped	-	-	-	-	-	-	-	(7,580,254)	-	(7,580,254)
Adjustments	-	-	(25,000)	(8,167)	-	-	-	-	-	(33,167)
At 30 June 2011 and 1 July 2011	1,726,023	15,304,621	98,972,050	80,824,014	7,650,246	6,049,105	262,970	18,886,955	-	229,675,984
Depreciation charge for the year	710,999	2,548,928	17,195,867	13,441,720	747,150	1,643,356	1,257,824	3,828,558	-	41,374,402
Disposals	-	-	(9,572,379)	-	-	-	-	-	-	(9,572,379)
Scrapped	-	(2,108,971)	-	(2,048)	-	-	-	-	-	(2,111,019)
At 30 June 2012	2,437,022	15,744,578	106,595,538	94,263,686	8,397,396	7,692,461	1,520,794	22,715,513	-	259,366,988

14. Property, plant and equipment (continued)

Group	Long term leasehold land RM	Buildings RM	Heavy equipment, motor vehicles and motor launches RM	Plant and machinery RM	Furniture, fittings and equipment RM	Aircraft RM	Tug boat and scow RM	Camp infrastructure RM	Assets under construction RM	Total RM
Net carrying amount										
At cost	8,759,688	89,803,850	79,562,466	132,647,438	2,659,629	10,384,460	5,231,578	8,023,192	8,538,972	345,611,273
At valuation	21,909,088	7,522,589	-	-	-	-	-	-	-	29,431,677
At 30 June 2011	30,668,776	97,326,439	79,562,466	132,647,438	2,659,629	10,384,460	5,231,578	8,023,192	8,538,972	375,042,950
At cost	9,030,781	87,635,996	74,276,665	120,012,035	2,939,348	8,741,104	8,760,939	18,295,540	16,310,764	346,003,172
At valuation	21,403,503	7,432,103	-	-	-	-	-	-	-	28,835,606
At 30 June 2012	30,434,284	95,068,099	74,276,665	120,012,035	2,939,348	8,741,104	8,760,939	18,295,540	16,310,764	374,838,778

14. Property, plant and equipment (continued)

	Motor vehicles RM	Furniture, fittings and equipment RM	Assets under construction RM	Total RM
Company				
Cost				
At 1 July 2010	348,600	234,742	693,359	1,276,701
Disposals	-	-	(693,359)	(693,359)
At 30 June 2011	348,600	234,742	-	583,342
At 1 July 2011 and 30 June 2012	348,600	234,742	-	583,342
Accumulated depreciation				
At 1 July 2010	244,020	176,777	-	420,797
Depreciation charge for the year (Note 9)	69,720	24,407	-	94,127
At 30 June 2011	313,740	201,184	-	514,924
At 1 July 2011	313,740	201,184	-	514,924
Depreciation charge for the year (Note 9)	34,859	13,944	-	48,803
At 30 June 2012	348,599	215,128	-	563,727
Net carrying amount				
At 30 June 2011	34,860	33,558	-	68,418
At 30 June 2012	1	19,614	-	19,615

Assets under construction

The Group's assets under construction represent expenditure for buildings, plant and machinery under construction.

Capitalisation of depreciation under biological assets

	Group 2012 RM	Group 2011 RM
Charged to statement of comprehensive income (Note 9)	41,113,466	42,717,007
Capitalised under biological assets (Note 15(ii))	260,936	190,533
	41,374,402	42,907,540

14. Property, plant and equipment (continued)

Revaluation of buildings

The leasehold land and buildings in certain subsidiaries were revalued in 1996 by C. H. Williams Talhar & Wong (Sabah) Sdn. Bhd.. Valuation was made on the basis of open market values on existing use basis.

If the buildings were measured using the cost model, the net carrying amount would have been RM10,874,802 (2011: RM11,468,663).

Long term leasehold land of the Group has not been revalued since it was first revalued in 1996. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1996 valuation less accumulated depreciation.

Assets held under finance leases

The carrying amount of property, plant and equipment held under finance leases at the reporting date were as follows:

	Group	
	2012	**2011**
	RM	**RM**
Buildings	819,058	837,086
Heavy equipment	23,756,276	23,293,608
Motor vehicles	-	6,018,926
Plant and machinery	61,702,078	66,519,549
Aircraft	8,741,104	10,384,460
	95,018,516	107,053,629

Assets pledged as security

In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of RM55,800,793 (2011: RM57,413,005) are mortgaged to secure the Group's bank loans (Note 22).

15. Biological assets

Forest planting expenditure

	Group
	RM
Cost	
At 1 July 2010	3,652,283
Additions	4,701,145
At 30 June 2011	8,353,428
Additions	8,532,133
Written off	(53,721)
	16,831,840
Government grant	(1,856,566)
At 30 June 2012	14,975,274

15. Biological assets (continued)

Forest planting expenditure (continued)

i) The forest planting expenditure is in respect of expenditure incurred on the development of the Group's sustainable Forest Management Project of 1,798 hectares of timber land under a sustainable Forest Management License Agreement with the State Government of Sabah at Pinangah Forest Reserve with 50 years concession.

ii) On 30 June 2011, the Group has been granted a loan of RM13,232,000 for the purpose of development of forest plantation by the Forest Plantation Development Sdn. Bhd.("FPD") at an interest rate of 3% per annum. FPD is a special purpose vehicle incorporated by Malaysian Timber Industry Board (Incorporation) Act 1973 for managing funds allocated by the Government of Malaysia for the implementation of forest plantation development programme. The benefit of a government loan at a below-market rate of interest is treated as a government grant. As at 30 June 2012, the amount of the loan drawn down was RM7,972,939. The difference between the initial carrying amount of the loan determined in accordance with FRS 139 and the proceeds of the loan received of RM1,856,566 has been deducted against the carrying amount of the biological asset.

iii) Biological assets expenditure capitalised during the financial year were as follows:

	2012 RM	2011 RM
Depreciation of property, plant and equipment (Note 14)	260,936	190,533
Staff costs (Note 10)	448,978	387,491
Interest on bank loan	233,461	-

16. Land use rights

	Group	
	2012 RM	**2011 RM**
Cost:		
At beginning of year	5,062,355	2,957,502
Reclassified from property, plant and equipment (Note 14)	-	2,104,853
Additions	52,279	-
At end of year	5,114,634	5,062,355
Accumulated depreciation:		
At beginning of year	208,281	166,625
Amortisation for the year (Note 9)	71,536	41,656
At end of year	279,817	208,281
Net carrying amount	4,834,817	4,854,074
Amount to be amortised:		
- Not later than one year	71,536	41,656
- Later than one year but not later than five years	286,144	166,624
- Later than five years	4,477,137	4,645,796
	4,834,817	4,854,076

Leasehold land of the Group has been pledged as part of the securities for borrowings granted to the Group and the Company as disclosed in Note 22 to the financial statements.

17. Intangible assets

	Goodwill RM	Timber rights RM	Total RM
Group			
Cost			
At 1 July 2010	19,644,853	30,232,223	49,877,076
Attributable to disposal of subsidiary (Note 18(a))	678,719	-	678,719
At 30 June 2011 and 30 June 2012	20,323,572	30,232,223	50,555,795
Accumulated amortisation			
At 1 July 2010	5,155,905	73,100	5,229,005
Amortisation for the year (Note 9)	-	4,337,421	4,337,421
At 30 June 2011	5,155,905	4,410,521	9,566,426
Amortisation for the year (Note 9)	-	10,334,069	10,334,069
At 30 June 2012	5,155,905	14,744,590	19,900,495
Net carrying amount			
At 30 June 2011	15,167,667	25,821,702	40,989,369
At 30 June 2012	15,167,667	15,487,633	30,655,300

<u>Impairment test of goodwill</u>

Allocation of goodwill

Goodwill is related to timber operation.

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	Growth rate		Discount rate	
	2012 %	2011 %	2012 %	2011 %
Timber operation	6.4	6.4	7.2	7.2

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

i) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

ii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the industry.

17. Intangible assets (continued)

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the timber operation, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts, save as discussed below:

Sales and logs/timber supply assumptions

The management recognises that any significant changes in the market selling price for its timber products and logs/timber supply can have a significant impact on the sales and logs/timber supply assumptions made in the projections.

18. Investment in subsidiaries

	Company	
	2012	**2011**
	RM	**RM**
		(Restated)
Unquoted shares at cost:		
At beginning of year	160,341,920	160,341,920
Acquisition during the year	4,000,000	-
At end of year	164,341,920	160,341,920
Amounts due from subsidiary companies	125,000,000	125,000,000
	289,341,920	285,341,920

Name	**Country of incorporation**	**Principal activities**	**Proportion (%) of ownership interest 2012**	**2011**
Held by the Company:				
Priceworth Industries Sdn. Bhd.	Malaysia	Manufacture and sale of processed wood products, trading of logs and provision of wood processing services	100	100
Maxland Shipyard Sdn. Bhd.	Malaysia	Operation of shipyard	100	100
Cergas Kenari Sdn. Bhd.	Malaysia	Timber extraction and trading of logs	100	100
Sinora Sdn. Bhd.	Malaysia	Manufacture and sale of plywood and sawn timber and trading of logs	100	100
Innora Sdn. Bhd.	Malaysia	Manufacture and sale o fmoulded wood products and trading of logs	100	100
Maju Sinar Network Sdn. Bhd.	Malaysia	Timber extraction and trading of logs	100	100

18. Investment in subsidiaries (continued)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2012	2011
Held by the Company:				
Held through Priceworth Industries Sdn. Bhd.				
Maxland Sdn. Bhd.	Malaysia	Timber extraction and forest planting	100	100
Cabaran Cerdas Sdn. Bhd.	Malaysia	Investment holding	100	100
Rimbunan Gagah Sdn. Bhd.	Malaysia	Manufacture and sale of processed wood products	64.5	64.5
Held through Cabaran Cerdas Sdn. Bhd.				
Maxland (SI) Limited	Solomon Islands	Manufacture and sale of processed wood products	100	100
PWP (SI) Limited	Solomon Islands	Trading of logs	100	100
Ligreen (SI) Limited	Solomon Islands	Dormant	100	-
Priceworth Sawmill (SI) Limited	Solomon Islands	Dormant	100	-
Held through Maxland Sdn. Bhd.				
Ligreen (PNG) Limited	Papua New Guinea	Dormant	100	100

a) Subscription of shares in subsidiary companies

(i) On 10 August 2011, the Group through its wholly-owned subsidiary company, Cabaran Cerdas Sdn. Bhd., subscribed for 100 ordinary shares in Ligreen (SI) Limited, a company incorporated in Solomon Islands, for a total cash consideration of SBD100 (approximately RM45), resulting in the latter becoming a wholly-owned subsidiary of the Group.

(ii) On 30 September 2011, the Group through its wholly-owned subsidiary company, Cabaran Cerdas Sdn. Bhd., subscribed for 100 ordinary shares in Priceworth Sawmill (SI) Limited, a company incorporated in Solomon Islands, for a total cash consideration of SBD100 (approximately RM45), resulting in the latter becoming a wholly-owned subsidiary of the Group.

18. Investment in subsidiaries (continued)

b) Disposal of subsidiary in 2011

The Group disposed of its 100% equity interest in Ligreen Enterprise Sdn. Bhd. for a total cash consideration of RM500,000.

The disposal had the following effects on the financial position of the Group as at the end of the previous financial year:

	2011 RM
Plant and equipment	91
Other receivables	20,627
Cash and bank balances	2,203
Trade and other payables	(16,978)
Current tax payable	(200,000)
Amount due from a related company	682,097
Net assets disposed	488,040
Attributable negative goodwill	(678,719)
Total disposal proceeds	(500,000)
Gain on disposal to the Group	(690,679)
Cash inflow arising on disposals:	
Cash consideration	500,000
Cash and cash equivalents of subsidiary disposed of	(2,203)
Net cash inflow on disposal	497,797

19. Inventories

	Group	
	2012 RM	2011 RM
Cost		
Logging contract work-in-progress	23,980,510	25,296,317
Raw materials	5,794,777	2,893,585
Work-in-progress	565,115	393,846
Finished goods	11,610,899	24,495,246
Consumable goods	5,249,308	2,593,689
Production supplies	5,578,748	5,606,711
Nursery	413,005	290,130
Timber logs	1,471,872	4,756,130
Trading stock	390,286	-
	55,054,520	66,325,654

20. Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
		(Restated)		(Restated)
Current				
Trade receivables				
Amount due from a company in which a director of the Company is also a director and has financial interest	997,231	277,244	-	-
Third parties	27,456,532	41,624,218	-	-
	28,453,763	41,901,462	-	-
Other receivables				
Amounts due from subsidiary companies	-	-	2,919,660	11,174,303
Deposits for log supplies	9,077,454	6,596,252	-	-
Other deposits	1,850,772	1,414,353	50,298	50,278
Sundry receivables	11,785,745	10,902,738	76,995	14,501
	22,713,971	18,913,343	3,046,953	11,239,082
	51,167,734	60,814,805	3,046,953	11,239,082
Total trade and other receivables	51,167,734	60,814,805	3,046,953	11,239,082
Add: Cash and bank balances (Note 21)	1,581,881	7,717,607	92,049	145,505
Total loans and receivables	52,749,615	68,532,412	3,139,002	11,384,587

a) Trade receivables

Trade receivables are non-interest bearing and are generally on 60 to 90 days (2011: 60 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

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

	2012	2011
	RM	RM
Neither past due nor impaired	8,509,694	15,992,546
1 to 30 days past due not impaired	1,433,329	11,749,877
31 to 60 days past due not impaired	1,329,189	1,517,109
61 to 90 days past due not impaired	573,663	12,474,877
91 to 120 days past due not impaired	1,179,946	7,338
More than 120 days past due not impaired	15,427,942	159,715
	19,944,069	25,908,916
	28,453,763	41,901,462

20. Trade and other receivables (continued)

a) Trade receivables (continued)

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM19,944,069 (2011: RM25,908,916) that are past due at the reporting date but not impaired. The receivables that are past due but not impaired are unsecured in nature.

b) Deposits for log supplies

Deposits for log supplies represent advances paid to log suppliers for logs to be purchased.

c) Amounts due from subsidiary companies

Amounts due from subsidiary companies are unsecured, non-interest bearing and are repayable upon demand.

21. Cash and bank balances

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash at banks and on hand	1,721,806	7,587,123	92,049	-
Deposits with licensed banks	120,525	130,484	-	145,505
Cash and bank balances	1,842,331	7,717,607	92,049	145,505
Cash and short term deposits	1,842,331	7,717,607	92,049	145,505
Bank overdrafts (Note 22)	(260,450)	-	-	-
Cash and cash equivalents	1,581,881	7,717,607	92,049	145,505

Included in deposits with licensed banks of the Group and the Company amounting to RM10,907 (2011: RM10,907) are pledged to bank to secure bank guarantees granted to the government departments and hence, are not available for general use.

22. Loans and borrowings

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Current				
Secured:				
Obligations under finance leases (Note 29(c))	37,377,447	27,309,779	-	-
RM bank loan at COF +1.5%	13,735,325	12,699,390	13,735,325	12,699,390
	51,112,772	40,009,169	13,735,325	12,699,390
Unsecured:				
Bank overdrafts (Note 21)	260,450	-	-	-
	51,373,222	40,009,169	13,735,325	12,699,390
Non-current				
Secured:				
Obligations under finance leases (Note 29(c))	8,907,912	32,502,079	-	-
Bank loans:				
RM bank loan at COF +1.5%	125,594,486,	135,500,175	125,594,486	135,500,175
RM loan at 3% p.a.	6,349,835	-	-	
	140,852,233	168,002,254	125,594,486	135,500,175
Total loans and borrowings	192,225,455	208,011,423	139,329,811	148,199,565

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The average discount rate implicit in the leases is 4.78% p.a. (2011: 4.78% p.a.).

Term loan: RM bank loan at COF + 1.5% p.a.

The loan is secured by:

i) a first legal charge over leasehold land of its subsidiary companies (Note 14);
ii) a debenture over fixed and floating assets of a third party; and
iii) a debenture over all fixed and floating assets of its subsidiary companies.

Term loan: RM bank loan at 3% p.a.

The loan is secured by:

i) a corporate guarantee by the Company; and
ii) first party deed of assignment assigning to the lender all its harvesting rights of the planted timber in favour of the lender.

The Group has defaulted on principal and interest payments of RM2,420,916 on obligations under finance leases carried at RM11,175,158 at the reporting date. The Group experienced a temporary shortage of fund. The principal and interest payable which has been overdue at the reporting date has been partially settled as at the date when these financial statements were approved.

22. Loans and borrowings (continued)

Term loan: RM bank loan at 3% p.a. (continued)

Subsequent to the reporting date, the Group has further defaulted on principal and interest payment on obligations finance leases carried at RM15,482,588. Total principal and interest payable of RM5,868,600 which has been overdue since September 2012 remained unpaid as at the date when these financial statements were approved by directors.

One of the financial institutions with outstanding amount of RM3,119,125 has requested for immediate repayment of the outstanding amount as of the date of the financial statements were authorised for issue. The management has commenced renegotiation of the lease agreement and the renegotiation is still in progress.

23. Trade and other payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current				
Trade payables				
Third parties	38,922,076	44,546,780	-	-
Other payables				
Amount due to a subsidiary company	-	-	4,000,000	-
Accruals	5,531,385	2,248,400	-	-
Deposits	372,794	381,193	-	-
Other payables	2,893,499	14,549,258	386,435	584,864
	8,797,678	17,178,851	4,386,435	584,864
Total trade and other payables	47,719,754	61,725,631	4,386,435	584,864
Add: Loans and borrowings (Note 22)	192,225,455	208,011,423	139,329,811	148,199,565
Total financial liabilities carried at amortised cost	239,945,209	269,737,054	143,716,246	148,784,429

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 60 to 90 days (2011: 60 to 90 days) term.

b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an 60 to 90 days (2011: 60 to 90 days) term.

(c) Financial guarantees

The fair value of financial guarantees provided by the Company to banks to secure banking facilities granted to certain subsidiaries with nominal amount of RM145,232,000 (2011: RM132,000,000) are negligible because the outstanding borrowings are adequately secured by properties, plant and equipment of the subsidiaries in which their market values upon realisation are expected to be higher than the outstanding borrowing amounts.

24. Deferred tax

Deferred income tax of the Group as at 30 June relates to the following:

	As at 1 July 2010 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2011 RM	Recognised in profit or loss (Note 12) RM	As at 30 June 2012 RM
Deferred tax liabilities:					
Timber rights	7,558,056	(1,094,252)	6,463,804	(2,309,954)	4,153,850
Property, plant and equipment	37,912,552	4,234,871	42,147,423	(1,632,329)	40,515,094
Land use rights	3,169,454	(47,326)	3,122,128	(53,654)	3,068,474
Inventories	-	-	-	(73,592)	(73,592)
	48,640,062	3,093,293	51,733,355	(4,069,529)	47,663,826
Deferred tax assets:					
Unabsorbed tax losses and capital allowances	(10,303,691)	(3,479,808)	(13,783,499)	(11,453,684)	(25,237,183)
Unabsorbed reinvestment allowances	(14,293,548)	(99,045)	(14,392,593)	8,199,265	(6,193,328)
	(24,597,239)	(3,578,853)	(28,176,092)	(3,254,419)	(31,430,511)
	24,042,823	(485,560)	23,557,263	(7,323,948)	16,233,315

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	7,500,000	-	-	-
Deferred tax liabilities	23,733,315	23,557,263	-	-
	16,233,315	23,557,263	-	-

Unrecognised tax losses and unabsorbed capital and reinvestment allowances

At the reporting date, the Group has tax losses and unabsorbed capital and reinvestment allowances of approximately RM5,503,161 (2011: RM27,161,025) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses and unabsorbed capital and reinvestment allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

25. Share capital, share premium and treasury shares

	Number of ordinary shares of RM 0.50 each		← Amount →			
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 July 2010	186,278,118	(12,561,832)	93,139,059	59,890,697	153,029,756	(10,324,101)
Purchase of treasury shares	-	(1,000)	-	-	-	(511)
At 30 June 2011 and 30 June 2012	186,278,118	(12,562,832)	93,139,059	59,890,697	153,029,756	(10,324,612)

	Number of ordinary shares of RM0.50 each		Amount	
	2012 RM	2011 RM	2012 RM	2011 RM
Authorised share capital				
At 1 July	400,000,000	200,000,000	200,000,000	100,000,000
Created during the year	-	200,000,000	-	100,000,000
At 30 June	400,000,000	400,000,000	200,000,000	200,000,000

a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry on vote per share without restrictions and rank equally with regard to the Company's residual assets.

b) Treasury shares

Of the total 186,278,118 (2011: 186,278,118) issued and fully paid ordinary shares as at 30 June 2012, 12,562,832 (2011: 12,562,832) are held as treasury shares by the Company. As at 30 June 2012, the number of outstanding ordinary shares in issue after the setoff is therefore 173,715,286 (2011: 173,715,286) ordinary shares of RM0.50 each.

26. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

26. Retained earnings (continued)

As at 30 June 2012, the Company has tax exempt profits available for distribution of approximately RM88,091,763 (2011: RM88,091,763), subject to the agreement of the Inland Revenue Board.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 June 2012 and 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 30 June 2012 and 2011, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

27. Other reserves

	Warrant reserve RM	Foreign currency translation reserve RM	Total RM
Group			
At 1 July 2011	4,342,882	2,523	4,345,405
Other comprehensive income:			
Foreign currency translation	-	(199,131)	(199,131)
At 30 June 2012	4,342,882	(196,608)	4,146,274
Company			
At 1 July 2011 and 30 June 2012	4,342,882	-	4,342,882

a) Warrant reserve

This represents the residual amount of warrant reserve. This amount is presented net of transaction costs.

b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

28. Related party transactions

a) Sale and purchase of goods and services:

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group 2012 RM	Group 2011 RM
Transactions with companies in which one of the directors, Lim Nyuk Foh has interest:		
Ivory Bay Sdn. Bhd.		
Rental income	94,500	-
Rental of premises	1,500	6,500
Sale of wood products	12,668,357	20,289,510
Maxland Enterprise Sdn. Bhd.		
Rental of premises	155,100	160,500

28. Related party transactions (continued)

a) Sale and purchase of goods and services (continued):

	Group	
	2012	**2011**
	RM	**RM**
Nadi Hasil Sdn. Bhd.		
Sale of wood products	9,457	75,844
Sale of sawn dust	5,972	-
Transportation fee received	450	-
Green Edible Oil Sdn. Bhd.		
Sale of wood products	43,916	201,400
Transactions with a director of the Company, Lim Nyuk Foh:		
Rental of land	36,000	36,000

b) Compensation of key management personnel

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Short-term employee benefits	714,710	798,186	225,600	234,000
Defined contribution plan	85,540	59,160	-	-
	800,250	857,346	225,600	234,000

29. Commitments

a) Capital commitments

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Capital expenditure				
Approved and contracted for:				
Acquisition of plant and equipment	4,656,250	1,599,257	-	-

b) Operating lease commitments – as lessee

Details of land use rights and the amortisation of land use rights recognised in profit or loss are disclosed in Note 16 to the financial statements.

29. Commitments (continued)

c) Finance lease commitments

The Group has finance leases for certain items of plant and equipment (Note 14). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2012 RM	2011 RM
Minimum lease payments:		
Not later than 1 year	40,950,512	31,825,294
Later than 1 year and not later than 2 years	9,295,533	27,586,143
Later than 2 years and not later than 5 years	-	7,894,285
Total minimum lease payments	50,246,045	67,305,722
Less: Amounts representing finance charges	(3,960,686)	(7,493,864)
Present value of minimum lease payments	46,285,359	59,811,858
Present value of payments:		
Not later than 1 year	37,377,447	27,309,779
Later than 1 year and not later than 2 years	8,907,912	25,068,604
Later than 2 years and not later than 5 years	-	7,433,475
Present value of minimum lease payments	46,285,359	59,811,858
Less: Amount due within 12 months (Note 22)	(36,445,157)	(27,309,779)
Amount due after 12 months (Note 22)	9,840,202	32,502,079

30. Contingent liabilities

Legal Claim

On 30 December 2010, a wholly owned subsidiary of the Company, Maxland Sdn. Bhd. was served with a Writ of Summons by Timatch Sdn. Bhd. ("Plaintiff") claiming against the subsidiary for trespass and damages to raw water transmission pipeline and valve chamber which was used by the Plantiff for the supply of raw water to its water treatment plant.

On 16 February 2011, a judgment in default of appearance was issued by The High Court of Sabah and Sarawak at Sandakan that the subsidiary to pay the plaintiff damages to be assessed. On 7 June 2011, the subsidiary has submitted an appeal to the Court of Appeal of Malaysia for the aforementioned judgement be set aside with costs. The appeal was dismissed by the Court of Appeal of Malaysia on 19 June 2012. On 16 July 2012, the subsidiary has submitted an application for leave to appeal to the Federal Court. The subsidiary is now pending for the hearing of the Federal Court on 30 October 2012.

31. Fair value of financial instruments

Determination of fair value

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

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

	Note
Trade and other receivables (current)	20
Trade and other payables (current)	23
Loans and borrowings (current)	22
Loans and borrowings (non-current)	22

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

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Finance lease obligations and fixed rate bank loans

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

32. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Finance Department overseen by an Executive Director. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

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

32. Financial risk management objectives and policies (continued)

a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of Managing Director.

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the statements of financial position; and

- A nominal amount of RM145,232,000 (2011: RM132,000,000) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to a subsidiary.

Credit risk concentration profile

At the reporting date, almost 11% (2011: 11%) of the Group's trade receivables were due from overseas customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

b) Liquidity risk

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

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 10% (2011: 19%) of the Group's loans and borrowings and approximately 27% (2011: 8%) of the Company's loans and borrowings (Note 21) will mature in less than one year based on the carrying amount reflected in the financial statements.

32. Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
2012				
Financial assets:				
Trade and other receivables	51,167,734	-	-	51,167,734
Total cash and bank balances	1,581,881	-	-	1,581,881
Total undiscounted financial assets	52,749,615	-	-	52,749,615
Financial liabilities:				
Trade and other payables	47,719,754	-	-	47,719,754
Loans and borrowings	38,460,439	7,824,920	-	46,285,359
Total undiscounted financial liabilities	86,180,193	7,824,920	-	94,005,113
Total net undiscounted financial liabilities	(33,430,578)	(7,824,920)	-	(41,255,498)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
2011				
Financial assets:				
Trade and other receivables	60,814,805	-	-	60,814,805
Total cash and bank balances	7,717,607	-	-	7,717,607
Total undiscounted financial assets	68,532,412	-	-	68,532,412
Financial liabilities:				
Trade and other payables	61,725,631	-	-	61,725,631
Loans and borrowings	55,635,854	152,238,161	59,168,453	267,042,468
Total undiscounted financial liabilities	117,361,485	152,238,161	59,168,453	328,768,099
Total net undiscounted financial liabilities	(48,829,073)	(152,238,161)	(59,168,453)	(260,235,687)

32. Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
2012				
Financial assets:				
Trade and other receivables	3,046,953	-	-	3,046,953
Total cash and bank balances	92,049	-	-	92,049
Total undiscounted financial assets	3,139,002	-	-	3,139,002
Financial liabilities:				
Trade and other payables, excluding financial guarantees *	4,386,435	-	-	4,386,435
Loans and borrowings	13,735,325	67,307,996	58,286,490	139,329,811
Total undiscounted financial liabilities	18,121,760	67,307,996	58,286,490	143,716,246
Total net undiscounted financial liabilities	(14,982,758)	(67,307,996)	(58,286,490)	(140,577,244)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
2011				
Financial assets:				
Trade and other receivables	11,239,082	-	-	11,239,082
Total cash and bank balances	145,505	-	-	145,505
Total undiscounted financial assets	11,384,587	-	-	11,384,587
Financial liabilities:				
Trade and other payables	584,864	-	-	584,864
Loans and borrowings	23,810,560	114,090,867	59,168,453	197,069,880
Total undiscounted financial liabilities	24,395,424	114,090,867	59,168,453	197,654,744
Total net undiscounted financial liabilities	(13,010,837)	(114,090,867)	(59,168,453)	(186,270,157)

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

32. Financial risk management objectives and policies (continued)

c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of at least 6 months (2011: less than 6 months) from the reporting date.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM292,916 (2011: RM267,654) higher/lower, arising mainly as a result of lower/ higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group, primarily United States Dollar ("USD").

Approximately 75% (2011: 80%) of the Group's sales are denominated in foreign currencies. The Group's trade receivable balances at the reporting date have similar exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM45,904 (2011: RM289,974).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Papua New Guinea and Solomon Islands. These investments are not hedged as currency positions in PGK and SBD are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

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

		2012 RM Profit net of tax	2011 RM Profit net of tax
USD/RM	- strengthened 5% (2011: 5%)	(231,280)	(206,476)
	- weakened 5% (2011: 5%)	231,280	206,476

33. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2012 and 30 June 2011.

The Group monitors capital using a gearing ratio, which is total loans and borrowings, trade and other payables, less cash and bank balances divided by equity attributable to equity owners of the parent. The Group's policy is to maintain the gearing ratio within 50% which is one of the loan covenants imposed by a lending bank. The calculations of the Group's and Company's gearing ratios are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Trade and other payables (Note 23)	47,719,754	61,725,631	4,386,435	584,864
Loans and borrowings (Note 22)	192,225,455	208,011,423	139,329,811	148,199,565
Less: Cash and bank balances (Note 21)	(1,842,331)	(7,717,607)	(92,049)	(145,505)
	238,102,878	262,019,447	143,624,197	148,638,924
Equity attributable to the owners of the parent	278,168,631	277,178,339	148,784,291	148,585,988
Capital and net debt	516,271,509	539,197,786	292,408,488	297,224,912
Gearing ratio	46%	49%	49%	50%

34. Segmental information

No segmental information has been presented as the Group is principally involved in the production and sale of wood products in Malaysia.

35. Comparatives

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts as at 30 June 2011 have been reclassified to conform with current year's presentation:

	As previously stated RM	**Reclassi-fications RM**	**As restated RM**
Group			
Prepayments	6,224,352	3,397,925	9,622,277
Trade and other receivables	64,212,730	(3,397,925)	60,814,805
Company			
Investments in subsidiaries	160,341,920	125,000,000	285,341,920
Trade and other receivables	136,174,303	(125,000,000)	11,174,303

36. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 29 October 2012.

37. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Total retained earnings of the Company and its subsidiaries				
- Realised	197,681,428	1,736,265	192,631,235	1,537,962
- Unrealised	(9,005,788)	-	(13,653,241)	-
	188,675,640	1,736,265	178,977,994	1,537,962
Less: Consolidation adjustments	(57,358,427)	-	(48,850,204)	-
Retained earnings as per financial statements	131,317,213	1,736,265	130,127,790	1,537,962

List of Properties

No.	Location	Description and Existing Use	Land Area (acres)	Built-up Area (sq. ft.)	Lease Tenure from / to	Approximate Age of Building (Years)	Net Book Value (RM'000)
	Priceworth Industries Sdn Bhd						
1.	CL 075365794 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	- Generating Sets Room - Kiln Dry - Sawmill & Sawroom - Warehouse	15.12	3,858 65,000 32,620 121,000	01-01-1979/ 31-12-2077	17 17 17 16	5,519
2.	CL 075203726 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Moulding Plant Main Factory	11.64	104,840	01-01-1964/ 31-12-2063	17	4,916
3.	CL 075365785 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	- Impregnation Plant - Warehouse - Workshop	15.29	4,500 20,000 4,800	01-01-1979/ 21-12-2077	14 16 16	4,612
4.	CL 075170277 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Labour Quarters	14.06	54,000	01-01-1960/ 31-12-2059	17	1,775
5.	CL 075364948 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Agriculture Land	17.88	-	01-01-1979/ 31-12-2077	N/A	179
6.	CL 075170286 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Labour Quarters	7.03	12,000	01-01-1961/ 31-12-2060	17	216
7.	CL 085318485 Kolapis, District of Labuk & Sugut Beluran	- Sawmill Factory - Labour Quarters - Office Building - Workshop - Genset Room - Store & Saw-Doctor Room	49.00	100,359 3,754 1,068 1,236 2,089	30-12-1986/ 31-12-2084	19 19 19 19 19	1,101

List of Properties
(continued)

No.	Location	Description and Existing Use	Land Area (acres)	Built-up Area (sq. ft.)	Lease Tenure from / to	Approximate Age of Building (Years)	Net Book Value (RM'000)
	Maxland Sdn Bhd						
8.	CL 075313398 Mile 17, Labuk Road, Sandakan	Agriculture Land	14.24	-	01-01-1970/ 31-12-2069	N/A	145
	Sinora Sdn Bhd						
9.	CL 075376153 Mile 6.5 Batu Sapi, Sandakan	- Plywood Main Factory	38.28	103,950	01-01-1980/ 31-12-2078	31	12,239
		- 2nd Plywood Factory		37,446		18	
		- Warehouse		3,228		23	
		- Boiler House		507		31	
		- Workshop		1,226		31	
		- Main sawmill + Office		25,500		31	
		- Main Office		10,734		31	
		- Canteen		6,642		31	
		- Moulding Factory		4,828		21	
		- Moulding Warehouse		84,872		21	
		- Kiln Drying Building		17,743		21	
10.	CL 075472338 Mile 6.5 Batu Sapi, South-West of Sandakan	Log Pond	80.46	-	01-01-1994/ 31-12-2053	N/A	2,171
	Rimbunan Gagah Sdn Bhd						
11.	CL 085319820 Off Mile 78, Labuk Sugut Telupid – Sandakan Road	- Sawmill/ Timber Storage Factory	38.45	121,426	01-01-1982/ 31-12-2080	20	787
		- 2 storey dwelling house		4,064		20	
		- Office Building		1,368		20	
		- 2 storey Labour Quarters with Kitchen, Dining & Canteen		5,758		20	
		- 4 Blocks Labour Quarters		4,116		20	
		- Sawdoctoring House		3,025		20	
		- Generator House & Store		1,025		20	
	Priceworth Sawmill (SI) Ltd						
12.	Lot No. 785, Noro, Western Province Solomon, Island	- Land (currently under construct of Sawmill/Veneer Mill Factory)	21.23	-	27-06-2005/ 26-06-2055	N/A	1,062

Analysis of Shareholdings
As at 6 November 2012

Authorised share capital	:	RM100,000,000
Issued and fully paid shares	:	RM 93,139,059
Treasury shares	:	12,562,832 ordinary shares of RM0.50 each
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights		
- on show of hands	:	One vote
- on a poll	:	One vote for each ordinary share held

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Shareholders	Shareholdings	Total shares held	% of issued share capital
294	less than 100	11,160	0.01
184	100 to 1,000	59,099	0.03
2,430	1,001 to 10,000	9,481,739	5.09
1,309	10,001 to 100,000	36,404,474	19.54
158	100,001 to less than 5% of issued shares	67,230,664	36.09
4	5% and above of issued shares	73,090,982	39.24
4,379	Total	186,278,118	100.00

SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Name of Shareholder	Direct	%	Deemed Interest	%
Lim Nyuk Foh	53,258,611	30.66	-	-
Lee Kian Vui	14,148,150	8.14		

Note: The % shareholding is adjusted by excluding 12,562,832 treasury shares from the total paid-up share capital.

DIRECTORS' SHAREHOLDINGS

	No. of Shares Held			
Name of Director	Direct	%	Deemed Interest	%
Dato' Sri Chee Hong Leong	-	-	-	-
Lim Nyuk Foh	53,258,611	30.66	-	-
Koo Jenn Man	510	0.00	-	-
Kwan Tack Chiong	-	-	-	-
Ooi Jit Huat	-	-	-	-

Note: The % shareholding is adjusted by excluding 12,562,832 treasury shares from the total paid-up share capital.

Analysis of Shareholdings
As at 6 November 2012 (continued)

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd [CIMB Bank for Lim Nyuk Foh]	27,000,000	15.54
2.	Sabah Development Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	19,380,000	11.16
3.	Lee Kian Vui	14,148,150	8.14
4.	Sabah Development Nominees (Tempatan) Sdn Bhd [Pledged securities account for Sukmah Binti Bidu]	8,048,150	7.23
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	4,838,076	4.63
6.	Continental Premium Sdn Bhd	4,488,000	2.79
7.	Lee See Jin	2,872,200	1.66
8.	Zulkifli Bin Hussain	2,152,200	1.24
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	2,040,000	1.17
10.	HDM Nominees (Asing) Sdn Bhd [DBS Vickers Secs (S) Ltd for River Estates Incorporated]	2,040,000	1.17
11.	Low Fui Teck	1,977,700	1.14
12.	Public Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lau Kheng Tong]	1,286,500	0.74
13.	HSBC Nominees (Asing) Sdn Bhd [Exempt AN for Credit Suisse]	1,111,800	0.64
14.	OSK Nominees (Asing) Sdn Bhd [OSK Securities Hong Kong Limited for Sinospell Inc.]	1,015,500	0.58
15.	Chia Beng Tat	1,000,000	0.58
16.	HLIB Nominees (Tempatan) Sdn Bhd [Pledged securities account for Goh Ee Lik @ Goey Mee Pheng]	994,100	0.57
17.	RHB Capital Nominees (Tempatan) Sdn Bhd [Pledged securities account for Chong Vun Kon @ Chung Vun Kon]	970,000	0.56
18.	Zulkifli Bin Hussain	826,200	0.48
19.	Tan Kok Sing	813,500	0.47
20.	Yeoh Kean Hua	780,000	0.45

Analysis of Shareholdings
As at 6 November 2012 (continued)

LIST OF 30 LARGEST SHAREHOLDERS (continued)

No.	Name	No. of Shares	%
21.	Cimsec Nominees (Tempatan) Sdn Bhd [CIMB Bank for Tan Sri Sabbaruddin Chik]	763,000	0.44
22.	Heng Ah Lik	747,700	0.43
23.	Public Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lee Kua Siah]	630,000	0.36
24.	Lau Kheng Tong	620,000	0.36
25.	Goh Ee Lik @ Goey Mee Pheng	529,100	0.30
26.	Public Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lee Yok Koon]	528,100	0.30
27.	HLB Nominees (Tempatan) Sdn Bhd [Pledged securities account for Choo Lai Ee]	500,000	0.29
28.	Low Fui Teck	500,000	0.29
29.	Saw Lai Choo	500,000	0.29
30.	Soo Sing Huat	500,000	0.29

Note: The % shareholding is adjusted by excluding 12,562,832 treasury shares from the total paid-up share capital.

Analysis of Warrantholdings
As at 6 November 2012

No. of Warrants issued	:	RM86,857,643
Exercise rights	:	Each warrant entitles the warrantholder to subscribe for one (1) new share at the exercise price during exercise period subject to adjustments in accordance with the Deed Poll.

DISTRIBUTION SCHEDULE OF WARRANTHOLDINGS

No. of Warrantholders	Warrantholdings	Total warrants held	% of outstanding warrants
16	less than 100	416	0.00
199	100 to 1,000	134,424	0.15
703	1,001 to 10,000	2,950,054	3.4
487	10,001 to 100,000	16,916,033	19.48
98	100,001 to less than 5% of issued warrants	36,173,604	41.64
3	5% and above of issued warrants	30,683,113	35.33
1,506	Total	86,857,643	100.00

DIRECTORS' WARRANTHOLDINGS

	No. of warrants held			
Name of Director	Direct	%	Deemed Interest	%
Dato' Sri Chee Hong Leong	-	-	-	-
Lim Nyuk Foh	26,629,305	30.66	-	-
Koo Jenn Man	-	-	-	-
Kwan Tack Chiong	-	-	-	-
Ooi Jit Huat	-	-	-	-

LIST OF 30 LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1.	Lim Nyuk Foh	13,919,038	16.03
2.	Sabah Development Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	9,690,000	11.16
3.	Lee Kian Vui	7,074,075	8.14
4.	Sukmah Binti Bidu	4,024,075	4.63
5.	Continental Premium Sdn Bhd	2,244,000	2.58
6.	Cimsec Nominees (Tempatan) Sdn Bhd [CIMB Bank for Lim Nyuk Foh]	2,000,000	2.30
7.	HDM Nominees (Tempatan) Sdn Bhd [Pledged securities account for Tam May Chow]	1,510,000	1.74
8.	Chiew Boon Chin	1,160,000	1.34

Analysis of Warrantholdings
As at 6 November 2012 (continued)

LIST OF 30 LARGEST WARRANTHOLDERS (continued)

No.	Name	No. of Warrants	%
9.	Zulkifli Bin Hussain	1,076,100	1.24
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	1,020,000	1.17
11.	HDM Nominees (Asing) Sdn Bhd [DBS Vickers Secs (S) Ltd for River Estates Incorporated]	1,020,000	1.17
12.	Hong Yu Thai	764,000	0.88
13.	Cimsec Nominees (Tempatan) Sdn Bhd [CIMB Bank for Len Book Learn]	714,400	0.82
14.	Chang Hee Foon	610,000	0.70
15.	HSBC Nominees (Asing) Sdn Bhd [Exempt AN for Credit Suisse]	555,900	0.64
16.	Chong Yui Lap	510,000	0.59
17.	Ngoi Leong Ee	500,000	0.58
18.	Wong Boon Siang	500,000	0.58
19.	HLIB Nominee (Tempatan) Sdn Bhd Hong Leong Bank Berhad for Choo Chin Hoong	446,600	0.51
20.	Mayban Securities Nominees (Tempatan) Sdn Bhd [Tan Chin Ching]	426,700	0.49
21.	Amsec Nominees (Tempatan) Sdn Bhd [Pledged securities account for Ooi Swee Aun]	421,600	0.49
22.	Zulkifli Bin Hussain	413,100	0.48
23.	Mayban Securities Nominees (Tempatan) Sdn Bhd [Pledged securities account for Chiew Boon Pau]	400,000	0.46
24.	Public Nominees (Tempatan) Sdn Bhd [Pledged securities account for Liew Wai Kong]	400,000	0.46
25.	Yeoh Kean Hua	390,000	0.45
26.	Sia Si Hong	364,700	0.42
27.	Cimsec Nominees (Asing) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd	357,000	0.41
28.	JF Apex Nominees (Tempatan) Sdn Bhd AISB for Boh Chick Hint	341,000	0.39
29.	AmSec Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Poh Lei]	338,000	0.39
30.	Tan Soo Han	333,300	0.38

Proxy Form

No. of shares held	

I/We,………..

of……

being a Member of **Priceworth International Berhad** hereby appoint ……………………………………………………………

……

of ……

……..

or failing him/her ……….

of……
as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Sabah Oriental Hotel, Lorong Karamunsing, Kota Kinabalu, Sabah on Thursday, 20 December 2012 at 2.00 p.m. and at any adjournment thereof.

My/Our proxy to vote as indicated below:

No.	**Resolutions**	**For**	**Against**
Resolution 1	Payment of Directors' Fees		
Resolution 2	Re-election of Mr Kwan Tack Chiong as Director		
Resolution 3	Re-election of Dato' Sri Chee Hong Leong as Director		
Resolution 4	Re-appointment of Auditors		
Resolution 5	Proposed renewal of authority for the Company to purchase its own shares representing up to 10% of its issued and paid-up share capital		
Resolution 6	Proposed amendments to the Articles of Association of the Company		

Please indicate with an "x" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/ she thinks fit.

Dated this ……….. day of ……………………………………… 2012

………………………………………………….
Signature:
Shareholder or Common Seal

Notes:

1. *Only a depositor whose name appears on the Record of Depositors as at 14 December 2012 shall be entitled to attend, speak and vote at the Sixteenth Annual General Meeting or appoint proxy/proxies to attend and vote on his/her behalf.*
2. *A proxy may but need not be a Member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
3. *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.*
4. *Where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
5. *To be valid, this form duly completed must be deposited at the Registered Office of the Company at Lot 5, 1st Floor, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P. O. Box 2848, 90732 Sandakan, Sabah 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 Secretary
PRICEWORTH INTERNATIONAL BERHAD
1st Floor, Lot 5, Block No. 4
Bandar Indah, Mile 4, Jalan Utara
P. O. Box 2848
90732 Sandakan
Sabah

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