TEKALA CORPORATION BERHAD
(COMPANY NO: 357125-D)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2011

Ernst & Young
AF : 0039

TEKALA CORPORATION BERHAD
(Company No: 357125-D)
(Incorporated in Malaysia)

Audited Financial Statements and Other Financial Information

DIRECTORS

Datuk Seri Panglima Quek Chiow Yong	(Non-Independent Non-Executive Chairman)
Chan Saik Chuen	(Executive Vice-Chairman)
Seah Tee Lean	(Group Managing Director/Chief Executive Officer)
Lim Ted Hing	(Executive Director/Chief Operating Officer)
Fong Kin Wui	(Executive Director)
Voon Sui Liong @ Paul Voon	(Independent Non-Executive Director)
Datuk Eric Usip Juin	(Independent Non-Executive Director)
Tan Kung Ming	(Independent Non-Executive Director)

SECRETARIES

Thien Vui Heng (MIA 5970)
Chung Chen Vui (MIA 7384)

INDEPENDENT AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
Alliance Bank Malaysia Berhad
CIMB Bank Berhad
CIMB Bank (L) Limited
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS

Shearn Delamore & Co.
Mazlan & Associates
Chin Lau Wong & Foo

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Directors' report

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

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are timber processing, vessel chartering services and investment holding.

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

Results

	Group RM	Company RM
(Loss)/Profit net of tax	(46,766,146)	6,387,354
(Loss)/Profit attributable to:		
Owner of the Company	(53,508,379)	6,387,354
Minority interests	6,742,233	-
	(46,766,146)	6,387,354

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.

Dividends

The amounts of dividends paid by the Company since 31 March 2010 was as follows:

	RM
In respect of the financial year ended 31 March 2010 as reported in the directors' report of that year:	
Final tax exempt dividend of 4% on 141,713,900 ordinary shares (netted off 11,269,400 treasury shares), declared on 29 September 2010 and paid on 29 October 2010	5,668,556

At the forthcoming Annual General Meeting, a final tax exempt dividend of 2% in respect of the financial year ended 31 March 2011 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2012.

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:

Datuk Seri Panglima Quek Chiow Yong
Chan Saik Chuen
Seah Tee Lean
Lim Ted Hing
Fong Kin Wui
Voon Sui Liong @ Paul Voon
Datuk Eric Usip Juin
Tan Kung Ming

Datuk Seri Panglima Quek Chiow Yong, Chan Saik Chuen and Seah Tee Lean retire in accordance with Section 129 of the Companies Act, 1965 and the board recommends them for re-appointment to hold office until the conclusion of the next Annual General Meeting of the Company.

In accordance with Article 103 of the Company's Articles of Association, Datuk Eric Usip Juin and Tan Kung Ming retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 12 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 29 to the financial statements.

Directors' interests

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

	Number of ordinary shares of RM1 each			
Name of director	**1.4.2010**	**Acquired**	**Sold**	**31.3.2011**
Datuk Seri Panglima Quek Chiow Yong				
Indirect shareholding#	23,347,479	-	-	23,347,479
Deemed interest*	419,489	-	-	419,489
Chan Saik Chuen				
Direct shareholding	49,537	-	49,537	-
Indirect shareholding#	24,529,859	-	-	24,529,859
Deemed interest*	38,500	-	-	38,500
Seah Tee Lean				
Direct shareholding	4,285,140	-	-	4,285,140
Indirect shareholding#	2,353,391	-	-	2,353,391
Deemed interest*	1,980,900	-	-	1,980,900
Lim Ted Hing				
Direct shareholding	1,711,100	-	-	1,711,100
Fong Kin Wui				
Direct shareholding	1,695,794	-	-	1,695,794
Indirect shareholding#	4,262,200	-	-	4,262,200

Held through another body corporate
* Held by spouse and/or children

Directors' interest (continued)

The directors, Datuk Seri Panglima Quek Chiow Yong and Chan Saik Chuen by virtue of their interests in shares in the Company, are also deemed to have interest in shares in all of the Company's subsidiaries to the extent the Company has an interest.

Treasury shares

During the financial year, the Company repurchased 1,900,200 of its issued ordinary shares from the open market at an average price of RM0.73 per share. The total consideration paid for the repurchase including transaction costs was RM1,402,239. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2011, the Company held as treasury shares a total of 12,166,000 of its 152,983,300 issued ordinary shares. Such treasury shares are held at a carrying amount of RM8,925,009 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 adequate provision had been made for doubtful debts; and

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

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

  (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

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

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 dated 27 July 2011.

Seah Tee Lean	Lim Ted Hing

TEKALA CORPORATION BERHAD
(Company No: 357125-D)
(Incorporated in Malaysia)

Statement by Directors

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

We, Seah Tee Lean and Lim Ted Hing, being two of the directors of Tekala Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 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 31 March 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 35 on page 80 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 July 2011.

Seah Tee Lean   Lim Ted Hing

Statutory Declaration

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

I, Lim Ted Hing, being the director primarily responsible for the financial management of Tekala Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 80 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 Lim Ted Hing
at Sandakan in the State of Sabah
on 27 July 2011   Lim Ted Hing

Before me,

357125-D

Independent auditors' report to the members of
TEKALA CORPORATION BERHAD
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Tekala Corporation Berhad, which comprise Statements of financial position as at 31 March 2011 of the Group and of the Company, and the Statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 79.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2011 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.

Other matters

The supplementary information set out in Note 35 on page 80 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 the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit 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 Berahd.

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	Yong Voon Kar
AF: 0039	1769/04/12 (J/PH)
Chartered Accountants	Chartered Accountant

Sandakan, Malaysia
27 July 2011

Statements of comprehensive income
For the financial year ended 31 March 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	130,943,984	130,257,554	4,801,916	6,402,554
Cost of sales	5	(106,042,130)	(109,167,076)	-	-
Gross profit		24,901,854	21,090,478	4,801,916	6,402,554
Other items of income					
Interest income	6	728,245	904,151	23,729	117,078
Dividend income	7	183,860	224,630	-	-
Other income	8	5,904,736	9,981,677	2,088,218	-
Other items of expense					
Distribution costs		(1,030,127)	(1,077,349)	-	-
Administrative expenses		(12,080,788)	(11,784,579)	(526,509)	(504,053)
Finance costs	9	(4,814,066)	(7,060,417)	-	-
Other expenses		(1,039,413)	(6,834,761)	-	-
Share of results of an associate		(59,407,640)	4,464,605	-	-
(Loss)/Profit before tax	10	(46,653,339)	9,908,435	6,387,354	6,015,579
Income tax expense	13	(112,807)	425,602	-	(310)
(Loss)/Profit, net of tax		(46,766,146)	10,334,037	6,387,354	6,015,269
Other comprehensive income for the year, net of tax					
Foreign currency translation		-	315,261	-	-
Total comprehensive income for the year		(46,766,146)	10,649,298	6,387,354	6,015,269
(Loss)/Profit attributable to:					
Owners of the Company		(53,508,379)	4,511,096	6,387,354	6,015,269
Minority interests		6,742,233	5,822,941	-	-
		(46,766,146)	10,334,037	6,387,354	6,015,269

Statements of comprehensive income

For the financial year ended 31 March 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Total comprehensive income attributable to:					
Owners of the Company		(53,508,379)	4,826,357	6,387,354	6,015,269
Minority interests		6,742,233	5,822,941	-	-
		(46,766,146)	10,649,298	6,387,354	6,015,269
(Loss)/Earnings per share attributable to owners of the Company (sen per share):					
Basic/diluted	14	(37.76)	3.14		

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

Statements of financial position
As at 31 March 2011

		Group			Company	
	Note	2011	2010 (Restated)	As at 1.4.2009 (Restated)	2011	2010
		RM	RM	RM	RM	RM
Assets						
Non-current assets						
Property, plant and equipment	15	180,078,439	188,313,384	191,244,202	-	-
Investments in subsidiaries	16	-	-	-	57,325,930	62,356,074
Investment in an associate	17	-	59,407,640	54,792,071	-	-
Investment securities	18	125,000	125,000	125,000	-	-
		180,203,439	247,846,024	246,161,273	57,325,930	62,356,074
Current assets						
Inventories	19	18,973,132	21,722,573	27,312,825	-	-
Trade and other receivables	20	5,943,297	11,483,288	4,186,986	118,480,791	116,361,490
Prepayments		527,508	445,338	466,291	15,000	16,080
Tax refundable		807,826	1,955,942	2,392,731	33,000	67,940
Cash and bank balances	21	34,499,490	49,859,912	64,250,394	389,678	5,201,369
		60,751,253	85,467,053	98,609,227	118,918,469	121,646,879
Total assets		240,954,692	333,313,077	344,770,500	176,244,399	184,002,953
Equity and liabilities						
Current liabilities						
Income tax payable		-	20,000	19,857	-	-
Borrowing	22	16,775,590	18,145,512	-	-	-
Trade and other payables	23	5,538,532	16,535,516	117,531,921	157,000	7,232,113
		22,314,122	34,701,028	117,551,778	157,000	7,232,113
Net current assets/ (liabilities)		38,437,131	50,766,025	(18,942,551)	118,761,469	114,414,766
Non-current liabilities						
Borrowing	22	41,938,974	68,045,604	-	-	-
Deferred tax liabilities	24	498,595	526,503	959,462	-	-
		42,437,569	68,572,107	959,462	-	-
Total liabilities		64,751,691	103,273,135	118,511,240	157,000	7,232,113
Net assets		176,203,001	230,039,942	226,259,260	176,087,399	176,770,840

Statements of financial position

As at 31 March 2011

		Group			Company	
	Note	2011	2010 (Restated)	As at 1.4.2009 (Restated)	2011	2010
		RM	RM	RM	RM	RM
Equity attributable to owners of the Company						
Share capital	25	152,983,300	152,983,300	152,983,300	152,983,300	152,983,300
Share premium	25	16,548,724	16,548,724	16,515,040	16,548,724	16,548,724
Treasury shares	25	(8,925,009)	(7,522,770)	(6,395,530)	(8,925,009)	(7,522,770)
(Loss)/retained earnings	26	(44,302,309)	14,759,502	13,052,839	15,480,384	14,761,586
Other reserves	27	23,279,684	23,279,684	25,935,050	-	-
		139,584,390	200,048,440	202,090,699	176,087,399	176,770,840
Minority interests		36,618,611	29,991,502	24,168,561	-	-
Total equity		176,203,001	230,039,942	226,259,260	176,087,399	176,770,840
Total equity and liabilities		240,954,692	333,313,077	344,770,500	176,244,399	184,002,953

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

Consolidated statements of changes in equity

For the financial year ended 31 March 2011

			← Attributable to owners of the Company								→	
				Non-distributable			Distributable		Non-distributable			
	Note	Equity, total RM	Equity attributable to owners of the Company total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings/ (loss) RM	Other reserves RM	Asset revaluation reserve RM	Employee share option reserve RM	Foreign currency translation reserve RM	Minority interests RM
2011												
Opening balance at 1 April 2010		230,039,942	200,048,440	152,983,300	16,548,724	(7,522,770)	14,759,502	23,279,684	23,054,460	-	225,224	29,991,502
Total comprehensive income		(46,766,146)	(53,508,379)	-	-	-	(53,508,379)	-	-	-	-	6,742,233
Transactions with owners												
Pursuant to subscription of additional shares in a subsidiary		-	115,124	-	-	-	115,124	-	-	-	-	(115,124)
Purchase of treasury shares:												
- Consideration	25	(1,391,407)	(1,391,407)	-	-	(1,391,407)	-	-	-	-	-	-
- Transaction costs	25	(10,832)	(10,832)	-	-	(10,832)	-	-	-	-	-	-
Dividends	28	(5,668,556)	(5,668,556)	-	-	-	(5,668,556)	-	-	-	-	-
Total transactions with owners		(7,070,795)	(6,955,671)	-	-	(1,402,239)	(5,553,432)	-	-	-	-	(115,124)
Closing balance at 31 March 2011		176,203,001	139,584,390	152,983,300	16,548,724	(8,925,009)	(44,302,309)	23,279,684	23,054,460	-	225,224	36,618,611

TEKALA CORPORATION BERHAD
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Consolidated statements of changes in equity

For the financial year ended 31 March 2011

			Attributable to owners of the Company									
				Non-distributable			Distributable		Non-distributable			
	Note	**Equity, total RM**	**Equity attributable to owners of the Company total RM**	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Retained earnings/ (loss) RM**	**Other reserves RM**	**Asset revaluation reserve RM**	**Employee share option reserve RM**	**Foreign currency translation reserve RM**	**Minority interests RM**
2010												
Opening balance at 1 April 2009		226,259,260	202,090,699	152,983,300	16,515,040	(6,395,530)	13,052,839	25,935,050	25,616,067	409,020	(90,037)	24,168,561
Total comprehensive income		10,649,298	4,826,357	-	-	-	7,072,703	(2,246,346)	(2,561,607)	-	315,261	5,822,941
Transactions with owners												
Pursuant to expiry of ESOS	27	-	-	-	33,684	-	375,336	(409,020)	-	(409,020)	-	-
Purchase of treasury shares:												
- Consideration	25	(1,120,196)	(1,120,196)	-	-	(1,120,196)	-	-	-	-	-	-
- Transaction costs	25	(7,044)	(7,044)	-	-	(7,044)	-	-	-	-	-	-
Dividends`	28	(5,741,376)	(5,741,376)	-	-	-	(5,741,376)	-	-	-	-	-
Total transactions with owners		(6,868,616)	(6,868,616)	-	33,684	(1,127,240)	(5,366,040)	(409,020)	-	(409,020)	-	-
Closing balance at 31 March 2010		230,039,942	200,048,440	152,983,300	16,548,724	(7,522,770)	14,759,502	23,279,684	23,054,460	-	225,224	29,991,502

Company statements of changes in equity
For the financial year ended 31 March 2011

			Attributable to owners of the Company					
			Non-distributable			Distributable	Non-Distributable	
	Note	Equity, total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Other reserves RM	Employee share option reserve RM
2011								
Opening balance at 1 April 2010		176,770,840	152,983,300	16,548,724	(7,522,770)	14,761,586	-	-
Total comprehensive income		6,387,354	-	-	-	6,387,354	-	-
Transactions with owners								
Purchase of treasury shares:								
- Consideration		(1,391,407)	-	-	(1,391,407)	-	-	-
- Transaction costs		(10,832)	-	-	(10,832)	-	-	-
Dividends	28	(5,668,556)	-	-	-	(5,668,556)	-	-
Total transactions with owners		(7,070,795)	-	-	(1,402,239)	(5,668,556)	-	-
Closing balance at 31 March 2011		176,087,399	152,983,300	16,548,724	(8,925,009)	15,480,384	-	-

TEKALA CORPORATION BERHAD
(Company No: 357125-D)

Company statements of changes in equity

For the financial year ended 31 March 2011

	Note	Equity, total RM	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Other reserves RM	Employee share option reserve RM
			Attributable to owners of the Company					
			Non-distributable			Distributable	Non-Distributable	
2010								
Opening balance at 1 April 2009		177,836,318	152,983,300	16,515,040	(6,395,530)	14,324,488	409,020	409,020
Total comprehensive income		6,015,269	-	-	-	6,015,269	-	-
Transactions with owners								
Pursuant to expiry of ESOS		(212,131)	-	33,684	-	163,205	(409,020)	(409,020)
Purchase of treasury shares:								
- Consideration		(1,120,196)	-	-	(1,120,196)	-	-	-
- Transaction costs		(7,044)	-	-	(7,044)	-	-	-
Dividends	28	(5,741,376)	-	-	-	(5,741,376)	-	-
Total transactions with owners		(7,080,747)	-	33,684	(1,127,240)	(5,578,171)	(409,020)	(409,020)
Closing balance at 31 March 2010		176,770,840	152,983,300	16,548,724	(7,522,770)	14,761,586	-	-

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

Statements of cash flows
For the financial year ended 31 March 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Operating activities					
(Loss)/Profit before tax		(46,653,339)	9,908,435	6,387,354	6,015,579
Adjustments for:					
Dividend income	7	(183,860)	(224,630)	-	-
Interest income	6	(728,245)	(904,151)	(23,729)	(117,078)
Gain on disposal of plant and equipment	8	(66,443)	(9,333)	-	-
Unrealised gain of foreign exchange differences		(4,293,123)	(3,432,792)	-	-
Gain on disposal of short-term investment		(17,117)	(20,989)	-	-
Gain on members' voluntary liquidation of subsidiaries		-	-	(2,088,218)	-
Finance costs	9	4,814,066	7,060,417	-	-
Depreciation of property, plant and equipment	15	9,528,091	9,510,644	-	-
Equipment scrapped	15	2,050	750	-	-
Share of result of an associate		59,407,640	(4,464,605)	-	-
Total adjustments		68,463,059	7,515,311	(2,111,947)	(117,078)
Operating cash flows before changes in working capital		21,809,720	17,423,746	4,275,407	5,898,501
Changes in working capital					
Decrease in inventories		2,749,441	5,590,252	-	-
(Increase)/decrease in receivables		(836,939)	(7,198,076)	3,247	13,578
(Decrease)/increase in payables		(5,221,161)	(379,281)	42,458	(3,521)
Total changes in working capital		(3,308,659)	(1,987,105)	45,705	10,057
Cash flows from operations		18,501,061	15,436,641	4,321,112	5,908,558
Income tax refunded		1,027,402	646,974	34,940	-
Income tax paid		(40,000)	(217,543)		
Net cash flows from operating activities		19,488,463	15,866,072	4,356,052	5,908,558

Statements of cash flows

For the financial year ended 31 March 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Investing activities					
Dividend income	7	183,860	224,630	-	-
Interest on short-term deposits received		712,693	877,270	23,640	114,911
Full settlement of vessel cost		-	(101,165,182)	-	-
Purchase of property, plant and equipment	15	(1,295,353)	(6,084,943)	-	-
Proceeds from disposal of property, plant and equipment		116,600	35,000	-	-
Capital distribution from members' voluntary winding up of subsidiaries		-	-	7,118,362	-
Net cash flows (used in)/from investing activities		(282,200)	(106,113,225)	7,142,002	114,911
Financing activities					
Finance costs	9	(4,814,066)	(7,060,417)	-	-
Dividends paid	28	(5,668,556)	(5,741,376)	(5,668,556)	(5,741,376)
Proceeds from borrowing		-	94,511,271	-	-
Repayment of borrowing		(22,681,824)	(4,725,567)	-	-
Purchase of treasury shares	25	(1,402,239)	(1,127,240)	(1,402,239)	(1,127,240)
Net change in accounts with subsidiaries		-	-	(9,238,950)	(401,605)
Net cash flows (used in)/from financing activities		(34,566,685)	75,856,671	(16,309,745)	(7,270,221)
Net decrease in cash and cash equivalents		(15,360,422)	(14,390,482)	(4,811,691)	(1,246,752)
Cash and cash equivalents at beginning of year		49,859,912	64,250,394	5,201,369	6,448,121
Cash and cash equivalents at end of year	21	34,499,490	49,859,912	389,678	5,201,369

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

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office and the principal place at which business is carried out is located at Wisma Tekala, Lot 2, Lorong Indah Jaya 29, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are timber processing, vessel chartering services and investment holding. There have been no other significant changes in the nature of the principal activities during the financial year.

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

2. Summary of significant accounting policies

2.1 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 FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

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

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

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies

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

On 1 April 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 *Financial Instruments: Disclosures*
- FRS 8 *Operating Segments*
- FRS 101 *Presentation of Financial Statements* (Revised)
- FRS 123 *Borrowing Costs*
- FRS 139 *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
- Amendments to FRS 132 *Financial Instruments: Presentation*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*
- Improvements to FRS issued in 2009
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13 *Customer Loyalty Programmes*
- IC Interpretation 14 *FRS119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

FRS 4 *Insurance Contracts* and TR *i*-3 *Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

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:

FRS 7 *Financial Instruments: Disclosures*

Prior to 1 April 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 March 2011.

FRS 8 *Operating Segments*

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 33 to the financial statements.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 101 *Presentation of Financial Statements (*Revised)

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

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 32).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 April 2010 in accordance with the transitional provisions. However, the adoption of this standard did not have any effect on the opening balance of retained earnings as at 1 April 2010. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade receivables

  Prior to 1 April 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. No adjustments to the Group's allowance for impairment losses as at 1 April 2010 are required arising from such change of accounting policy.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 139 *Financial Instruments: Recognition and Measurement (continued)*

- Inter-company loans

  During the current and prior years, the Company granted interest-free loans and advances to its subsidiaries and vice versa. Prior to 1 April 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest-free loans or advances are recorded initially at a fair value that is lower than cost. The difference between the fair value and cost of the loans or advances from the Company to the subsidiaries are recognised as additional investments in the subsidiaries, whereas for the loans or advances from the subsidiaries to the Company are recognised as distributions from the subsidiaries to the Company. Subsequent to initial recognition, the loans and advances are measured at amortised cost. No adjustments are required to the previous carrying amounts of such loans and advances of the Company as at 1 April 2010 as they are repayable upon demand which renders their fair values approximates their previous carrying amounts.

- Financial guarantee contracts

  During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. The Company did not provide for such guarantees as it was more likely that the guarantees would not be called upon.

Amendments to FRS 117 *Leases*

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

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Amendments to FRS 117 *Leases (continued)*

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

	Group 2011 RM
Increase/(decrease) in:	
Property, plant and equipment	18,934,086
Land use rights	(18,934,086)

The following comparatives have been restated:

	As previously stated RM	**Adjustments RM**	**As restated RM**
Consolidated statements of financial position			
31 March 2010			
Property, plant and equipment	169,156,537	19,156,847	188,313,384
Land use rights	19,156,847	(19,156,847)	-
1 April 2009			
Property, plant and equipment	172,100,005	19,144,197	191,244,202
Land use rights	19,144,197	(19,144,197)	-

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 132: Financial Instruments: Presentation (paragraphs 11, 16 and 97E relating to classification of Right Issues)	1 March 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (revised)	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate	30 August 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash - Settled Share-based Payment Transactions	1 January 2011
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
Amendments to FRSs and IC Interpretation 13 contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011
Technical Release 3: Guidance on Disclosures of Transition to IFRSs	1 January 2011
Technical Release 4: Shariah Compliance Sale Contracts	1 January 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
Amendments to FRS 124: Related Party Disclosure	1 January 2012

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127 as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

<u>Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*</u>

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

2.4 Basis of consolidation

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

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

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

2.5 Transactions with minority interests

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

2. Summary of significant accounting policies (continued)

2.6 Foreign currency

a) Functional and presentation currency

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

b) Foreign currency transactions

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

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

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

2. Summary of significant accounting policies (continued)

2.7 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the 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.

Long term leasehold land is amortised over the remaining lease term which range from 71 years to 918 years.

Depreciation of other property, plant and equipment is computed on line basis over the estimated useful lives of the assets as follows:

	Years
Vessel	30
Buildings	20
Plant, machinery and heavy equipment	5 - 10
Motor vehicles	5
Furniture, fittings and equipment	5 - 10

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.

2. Summary of significant accounting policies (continued)

2.8 Intangible assets

Goodwill

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

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that 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 2.6.

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

2.9 Land use rights

Land use rights, which were described as land lease prepayments in the previous financial year, 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.

2. Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets

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

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

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

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

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

2.11 Subsidiaries

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

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

2. Summary of significant accounting policies (continued)

2.12 Associates

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

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

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

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

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

2. Summary of significant accounting policies (continued)

2.13 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, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

b) 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.

c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

d) Available-for-sale financial assets

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

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

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

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

d) Available-for-sale financial assets (continued)

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

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

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

2.14 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.

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

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

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

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets (continued)

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

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

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

b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

c) Available-for-sale financial assets

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

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

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

2. Summary of significant accounting policies (continued)

2.15 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.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost includes the purchase price of inventories acquired and other attributable costs in bringing the inventories to their present location and condition.

Cost of spare parts and consumables is computed using the weighted average method.

Cost of work-in-progress and finished goods for wood products are computed using the weighted average method. Cost includes direct materials, direct labour, direct overheads and variable production overheads.

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

2.17 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.

2. Summary of significant accounting policies (continued)

2.18 Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

b) 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.

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.

2. Summary of significant accounting policies (continued)

2.19 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.

2.20 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.

2.21 Leases

a) As lessee

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

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

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

2. Summary of significant accounting policies (continued)

2.21 Leases (continued)

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.22 Revenue

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

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers. 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.

b) Vessel chartering income

Vessel chartering income is recognised when services are rendered.

c) Dividend income

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

2.23 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.

2. Summary of significant accounting policies (continued)

2.23 Income taxes (continued)

b) Deferred tax

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

2.23 Income taxes (continued)

b) Deferred tax (continued)

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

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

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

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 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.

2.26 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. Significant accounting judgements and estimates

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

Key sources of estimation uncertainty

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

a) Useful lives of plant and equipment

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery other than vessel to be within 5 to 10 years and vessel to be within 30 years. These are common life expectancies applied in the timber and marine vessel services industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 15.

b) Deferred tax assets

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

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.

The carrying values of deferred tax assets of the Group at 31 March 2011 are disclosed in Note 24. The recognised tax losses and unabsorbed capital allowances of the Group was RM1,125,287 (2010: RM824,197) and the unrecognised tax losses and unabsorbed capital allowances of the Group was RM26,035,649 (2010: RM26,213,792).

4. Revenue

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue from timber processing	108,069,806	105,057,484	-	-
Vessel chartering income	22,874,178	25,200,070	-	-
Tax exempt dividends from an unquoted subsidiary	-	-	4,801,916	6,402,554
	130,943,984	130,257,554	4,801,916	6,402,554

5. Cost of sales

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cost of inventories sold	100,856,422	103,981,367	-	-
Vessel operating expenses	5,185,708	5,185,709	-	-
	106,042,130	109,167,076	-	-

6. Interest income

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest on short-term deposits	728,245	904,151	23,729	117,078

7. Dividend income

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Dividend income from:				
- available-for-sale financial assets:				
- unquoted equity instruments	125,000	156,250	-	-
- Short-term investments	58,860	68,380	-	-
	183,860	224,630	-	-

8. Other income

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Foreign exchange gain	5,639,236	9,704,801	-	-
Gain on disposal of plant and equipment	66,443	9,333	-	-
Gain on members' voluntary winding up of subsidiaries	-	-	2,088,218	-
Miscellaneous income	193,057	261,543	-	-
Rental income	6,000	6,000	-	-
	5,904,736	9,981,677	2,088,218	-

9. Finance costs

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest expense on:				
- balance payable for vessel cost	-	4,406,056	-	-
- borrowing	4,814,066	2,654,361	-	-
	4,814,066	7,060,417	-	-

10. (Loss)/profit before tax

The following amounts have been included in arriving at profit before tax:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Auditors' remuneration:				
- statutory audits	70,200	69,693	25,000	25,000
- other services	20,900	61,500	6,800	3,800
Bank borrowing ancillary costs	-	6,551,898	-	-
Depreciation of property, plant and equipment (Note 15)	9,528,091	9,510,644	-	-
Employee benefits expense (Note 11)	18,339,296	17,646,855	40,000	40,000
Equipment scrapped	2,050	750	-	-
Loss on disposal of equipment	-	25,667	-	-
Non-executive directors' remuneration (Note 12)	852,059	826,519	211,465	211,465
Rental of premises	-	240,000	-	-
Unrealised loss on foreign exchange	-	59,339	-	-

11. Employee benefits expense

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Salaries, wages and allowances	16,959,663	16,207,801	40,000	40,000
Social security contributions	62,307	58,275	-	-
Contributions to defined contribution plan	1,045,340	1,022,009	-	-
Gratuity	-	22,000	-	-
Benefits-in-kind	271,986	336,770	-	-
	18,339,296	17,646,855	40,000	40,000

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM5,395,003 (2010: RM5,163,745) and RM40,000 (2010: RM40,000) respectively.

12. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Executive directors of the Company:				
- Salaries and bonus	3,093,000	2,976,000	-	-
- Fees	40,000	40,000	40,000	40,000
- Defined contribution plan	275,220	221,180	-	-
	3,408,220	3,237,180	40,000	40,000
Executive directors of subsidiaries:				
- Salaries and bonus	1,764,500	1,674,000	-	-
- Benefits-in-kind	83,723	121,085	-	-
- Defined contribution plan	137,940	130,860	-	-
- Social security contribution	620	620	-	-
	1,986,783	1,926,565	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 11)	5,395,003	5,163,745	40,000	40,000
Benefits-in-kind	99,938	93,947	-	-
Total executive directors' remuneration (including benefits-in-kind)	5,494,941	5,257,692	40,000	40,000
Non-Executive:				
- Fees	40,000	40,000	40,000	40,000
- Salaries and bonus	769,000	737,500	154,000	154,000
- Benefits-in-kind	25,594	31,554	-	-
- Defined contribution plan	15,960	15,960	15,960	15,960
- Social security contributions	1,505	1,505	1,505	1,505
Total non-executive directors' Remuneration (Note 10)	852,059	826,519	211,465	211,465
Total directors' remuneration	6,347,000	6,084,211	251,465	251,465

12. Directors' remuneration (continued)

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	
	2011	**2010**
Executive directors:		
RM400,001-450,000	-	1
RM450,001-500,000	1	-
RM750,001-800,000	1	2
RM800,001-850,000	1	-
RM1,300,001-1,350,000	-	1
RM1,400,001-1,450,000	1	-
Non-Executive directors:		
RM50,001-100,000	3	3
RM600,001-650,000	-	1
RM650,001-700,000	1	-

13. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2011 and 2010 are:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	140,715	2,436	-	-
- Underprovision in prior years	-	4,921	-	310
	140,715	7,357	-	310
Deferred tax (Note 24):				
- Reversal of temporary differences	-	(431,138)	-	-
- Overprovision in prior years	(27,908)	(1,821)	-	-
	(27,908)	(432,959)	-	-
Income tax expense recognised in profit or loss	112,807	(425,602)	-	310

13. Income tax expense (continued)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 March 2011 and 2010 are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Accounting (loss)/profit before tax	(46,653,339)	9,908,435	6,387,354	6,015,579
Tax expense at Malaysian statutory tax rate of 25% (2010: 25%)	(11,663,335)	2,477,108	1,596,839	1,503,895
Income not subject to tax	(27,960)	(17,095)	(1,722,534)	(1,600,639)
Income not subject to tax in a Labuan subsidiary	(4,571,553)	(3,892,877)	-	-
Expenses not deductible for tax purposes	560,635	373,769	125,695	96,744
Share of results of an associate	14,851,910	(1,116,151)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	991,018	1,746,544	-	-
Underprovision of tax expense in prior years	-	4,921	-	310
Overprovision of deferred tax in prior years	(27,908)	(1,821)	-	-
Income tax expense recognised in profit or loss	112,807	(425,602)	-	310

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

13. Income tax expense (continued)

	Group 2011 RM	Group 2010 RM
Tax savings during the financial year arising from utilisation of:		
- current year tax losses	56,805	-
- current year capital allowances	201,252	195,737
Unutilised tax losses carried forward	22,574,476	22,797,578
Unabsorbed capital and forest allowances carried forward	4,586,460	4,299,385

14. (Loss)/earnings per share

Basic/diluted

Basic/diluted (loss)/earnings per share amount is calculated by dividing the (loss)/profit for the year, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

	Group 2011	Group 2010
(Loss)/Profit net of tax attributable to owners of the Company (RM)	(53,508,379)	4,511,096
Weighted average number of ordinary shares in issue	141,699,284	143,555,129
Basic/diluted (loss)/earnings per share for the year (sen)	(37.76)	3.14

The Company has no potential ordinary shares in issue as at end of the financial years and therefore, basic and diluted earnings per share are equal.

15. Property, plant and equipment

	Vessel RM	Long leasehold land RM	Buildings RM	Plant, machinery and heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Building under construction RM	Total RM
Group								
Cost								
At 1 April 2009:								
As previously stated	155,048,500	-	23,643,594	66,126,487	2,424,231	1,499,133	-	248,741,945
Effects of adopting the amendments to FRS 117	-	19,811,247	-	-	-	-	-	19,811,247
As restated	155,048,500	19,811,247	23,643,594	66,126,487	2,424,231	1,499,133	-	268,553,192
Additions	-	235,000	-	325,815	480,000	732,973	4,311,155	6,084,943
Disposals	-	-	-	-	(35,000)	-	-	(35,000)
Scrapped	-	-	-	(237,936)	-	(18,269)	-	(256,205)
Exchange differences	522,750	-	-	-	-	-	-	522,750
At 31 March 2010 (restated)	155,571,250	20,046,247	23,643,594	66,214,366	2,869,231	2,213,837	4,311,155	274,869,680

15. Property, plant and equipment (continued)

	Vessel RM	Long leasehold land RM	Buildings RM	Plant, machinery and heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Building under construction RM	Total RM
Group								
Cost								
At 1 April 2010:								
As previously stated	155,571,250	-	23,643,594	66,214,366	2,869,231	2,213,837	4,311,155	254,823,433
Effects of adopting the amendments to FRS 117	-	20,046,247	-	-	-	-	-	20,046,247
As restated	155,571,250	20,046,247	23,643,594	66,214,366	2,869,231	2,213,837	4,311,155	274,869,680
Additions	-	2,905	253,401	74,480	595,078	179,134	209,708	1,314,706
Disposals	-	-	-	-	(185,000)	(12,608)	-	(197,608)
Scrapped	-	-	-	-	-	(392,852)	-	(392,852)
Reclassifications	-	-	4,412,453	-	-	108,410	(4,520,863)	-
Adjustments	-	-	(500)	-	-	(18,853)	-	(19,353)
At 31 March 2011	155,571,250	20,049,152	28,308,948	66,288,846	3,279,309	2,077,068	-	275,574,573

15. Property, plant and equipment (continued)

Group	Vessel RM	Long leasehold land RM	Buildings RM	Plant, machinery and heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Building under construction RM	Total RM
Accumulated depreciation								
At 1 April 2009:								
As previously stated	430,692	-	17,452,032	55,676,028	1,738,254	1,344,934	-	76,641,940
Effects of adopting the amendments to FRS 117	-	667,050	-	-	-	-	-	667,050
As restated	430,692	667,050	17,452,032	55,676,028	1,738,254	1,344,934	-	77,308,990
Depreciation charge for the year	5,185,709	222,350	1,177,506	2,620,545	255,387	49,147	-	9,510,644
Disposals	-	-	-	-	(9,333)	-		(9,333)
Scrapped	-	-	-	(237,604)	-	(17,851)	-	(255,455)
Exchange differences	1,450	-	-	-	-	-	-	1,450
At 31 March 2010 (restated)	5,617,851	889,400	18,629,538	58,058,969	1,984,308	1,376,230	-	86,556,296

15. Property, plant and equipment (continued)

	Vessel RM	Long leasehold land RM	Buildings RM	Plant, machinery and heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Building under construction RM	Total RM
Group								
Accumulated depreciation								
At 1 April 2010:								
As previously stated	5,617,851	-	18,629,538	58,058,969	1,984,308	1,376,230	-	85,666,896
Effects of adopting the amendments to FRS 117	-	889,400	-	-	-	-	-	889,400
As restated	5,617,851	889,400	18,629,538	58,058,969	1,984,308	1,376,230	-	86,556,296
Depreciation charge for the year	5,185,708	225,666	1,388,871	2,252,868	268,797	206,181	-	9,528,091
Disposals	-	-	-	-	(184,999)	(12,452)	-	(197,451)
Scrapped	-	-	-	-	-	(390,802)	-	(390,802)
At 31 March 2011	10,803,559	1,115,066	20,018,409	60,311,837	2,068,106	1,179,157	-	95,496,134
Net carrying amount								
At 31 March 2010	149,953,399	19,156,847	5,014,056	8,155,397	884,923	837,607	4,311,155	188,313,384
At 31 March 2011	144,767,691	18,934,086	8,290,539	5,977,009	1,211,203	897,911	-	180,078,439

Asset pledged as security

The Group's vessel with a carrying amount of RM144,767,691 (2010: RM149,953,399) is pledged as security for the Group's borrowing (Note 22).

16. Investments in subsidiaries

	Company 2011 RM	Company 2010 RM
Unquoted shares at cost	90,084,893	90,084,893
Less: Members' voluntary winding up of subsidiaries	5,030,144	-
	85,054,749	90,084,893
Less: Impairment losses	27,728,819	27,728,819
	57,325,930	62,356,074

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Principal Activities	Proportion (%) of ownership interest 2011	Proportion (%) of ownership interest 2010
Syarikat Tekala Sdn. Bhd.	Provision of corporate services	100	100
Kalabakan Plywood Sdn. Bhd.	Timber processing	100	100
Marimba Sdn. Bhd.	Investment holding	100	100
Gerak Armada Sdn. Bhd.	Investment holding	100	100
* Kinamarketing (S) Sdn. Bhd.	Ceased operation	-	100
* Kim Haw Sdn. Bhd.	Ceased operation	-	100
Subsidiaries of Kalabakan Plywood Sdn. Bhd.			
Kalabakan Wood Products Sdn. Bhd.	Provision of storage services	100	100
Korsa Plywood Sdn. Bhd.	Downstream timber processing (Not yet commenced operation)	100	100
* Dealpact Sdn. Bhd.	Ceased operation	-	100

16. Investments in subsidiaries (continued)

Name of Subsidiaries	Principal Activities	Proportion (%) of ownership interest 2011	2010
Subsidiaries of Marimba Sdn. Bhd.			
Hartawan Ekuiti Sdn. Bhd.	Ceased operation	100	100
* Barimas Sdn. Bhd.	Ceased operation	-	100
* Sabacergas Sdn. Bhd.	Ceased operation	-	100
* Szan Szui Kayu Balak (Sabah) Sdn. Bhd.	Ceased operation	-	100
Subsidiary of Gerak Armada Sdn. Bhd.			
Offshore Constructor (Labuan) Ltd.	Vessel chartering	63.25	63.25

* These companies were dissolved through members' voluntary winding up on 23 October 2010 pursuant to Section 272(5) of the Companies Act, 1965.

17. Investment in an associate

	Group 2011 RM	2010 RM
Balance at beginning of year	59,407,640	54,792,071
Share of (loss)/post-acquisition reserves	(59,407,640)	4,615,569
Balance at end of year	-	59,407,640

Details of the associate held by the subsidiary, Gerak Armada Sdn. Bhd. which is incorporated in Malaysia, is as follows:

Name of Subsidiaries	Principal Activities	Proportion (%) of ownership interest 2011	2010
Offshoreworks Holdings Sdn. Bhd.	Company's activity is investment holding while the Group is an oil and gas services provider	25	25

17. Investment in an associate (continued)

The Group has ceased recognising losses relating to Offshoreworks Holdings Sdn. Bhd. during the financial year, where its share of losses exceeds the Group's interest in this associate. As at 31 March 2011, the Group's cumulative share of unrecognised losses was RM13.88 million (2010: Nil). The Group has no obligation in respect of these losses.

The amount of goodwill included within the Group's carrying amount of investment in an associate is Nil (2010: RM12,779,762).

The summarised financial information of the associate is as follows:

	2011 RM	2010 RM
Assets and liabilities		
Total assets	604,783,549	737,753,285
Total liabilities	(711,429,110)	(551,241,777)
Results		
Revenue	235,014,019	499,720,371
(Loss)/Profit for the year	(293,157,069)	17,858,415

18. Investment securities

	Group	
	2011 RM	2010 RM
At cost		
Available-for-sale financial assets:		
- Unquoted equity instrument, at cost	125,000	125,000

Impairment loss

As at 31 March 2011, the Group has recognised an impairment loss of RM200,000 (2010: RM200,000) for an unquoted equity instrument as the fair value of this investment was below its costs.

19. Inventories

	Group 2011 RM	Group 2010 RM
Cost		
Finished goods	10,001,564	9,205,042
Production supplies	2,477,309	748,635
Raw materials	371,291	2,848,608
Stock-in-transit	870,311	3,509,536
Work-in-progress	3,990,555	4,198,229
	17,711,030	20,510,050
Net realisable value		
Finished goods	1,181,465	1,072,267
Work-in-progress	80,637	140,256
	1,262,102	1,212,523
	18,973,132	21,722,573

20. Trade and other receivables

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade receivables				
Third parties	1,857,393	6,267,545	-	-
Subsidiary of an associate	3,761,035	-	-	-
	5,618,428	6,267,545	-	-
Less: Allowance for impairment				
Third parties	(1,500,000)	(1,500,000)	-	-
	4,118,428	4,767,545	-	-
Other receivables				
Amounts due from subsidiaries	-	-	118,474,202	116,352,823
Deposits	1,596,908	6,422,575	6,500	6,500
Sundry receivables	227,961	293,168	89	2,167
	1,824,869	6,715,743	118,480,791	116,361,490
Total trade and other receivables	5,943,297	11,483,288	118,480,791	116,361,490
Add: Cash and bank balances (Note 21)	34,499,490	49,859,912	389,678	5,201,369
Total loans and receivables	40,442,787	61,343,200	118,870,469	121,562,859

20. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 day to 60 day (2010: 30 to 60 day) terms. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group 2011 RM	Group 2010 RM
Neither past due nor impaired	3,761,035	4,337,545
31 to 60 days past due not impaired	357,393	430,000
	4,118,428	4,767,545
Impaired	1,500,000	1,500,000
	5,618,428	6,267,545

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. More than 91% (2010: 100%) of the Group's trade receivables arise from customers with more than two years (2010: ten years) of experience with the Group and losses have occurred infrequently.

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 RM357,393 (2010: RM430,000) that are past due at the reporting date but not impaired as such amounts are recoverable.

20. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are impaired

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

	Group	
	Individually impaired	
	2011	2010
	RM	RM
Trade receivables-nominal amounts	1,500,000	1,500,000
Less: Allowance for impairment	(1,500,000)	(1,500,000)
	-	-

The movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2011	2010
	RM	RM
At beginning and end of year	1,500,000	1,500,000

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not recoverable.

(b) Amounts due from subsidiaries

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

(c) Deposits

Included in deposits is an amount of RM1,537,573 (2010: RM6,365,850) maintained with the bank over the tenure of the term loan and shall be utilised for interest due on the term loan.

21. Cash and bank balances

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Cash on hand and at banks	846,534	3,229,654	89,678	501,369
Short term:				
- Deposits with licensed banks	28,390,000	40,035,000	300,000	4,700,000
- Investments with a licensed bank	5,262,956	6,595,258	-	-
Total cash and cash equivalents	34,499,490	49,859,912	389,678	5,201,369

Short-term deposits are made for varying periods of between three days and one month depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The interest rates of deposits of the Group and of the Company for the financial year ranged from 1.75% to 2.90% (2010: 1.15% to 2.27%) and 2.65% to 2.75% (2010: 2.00% to 3.00%) per annum respectively.

22. Borrowing

	Group	
	2011	**2010**
	RM	**RM**
Secured term loan (USD Effective Cost of Fund +3%)		
Short term	16,775,590	18,145,512
Long term	41,938,974	68,045,604
At end of year	58,714,564	86,191,116

The remaining maturities of term loan as at 31 March 2011 are as follows:

	Group	
	2011	**2010**
	RM	**RM**
On demand or within one year	16,775,590	18,145,512
More than 1 year and less than 2 years	16,775,590	18,145,512
More than 2 years and less than 5 years	25,163,384	49,900,092
	58,714,564	86,191,116

22. Borrowing (continued)

The term loan is denominated in United States Dollar and it amounted to USD19,404,000 as at 31 March 2011 (2010:USD26,334,000).

The term loan is secured by the following:

(a) First Statutory Mortgage over the vessel of a subsidiary of the Company, Offshore Constructor (Labuan) Ltd. ("OCL") together with Deed of Covenant;

(b) Assignment of all present and future rights to receive rental, income, fees, charges and all payments under the Charter Service Agreement with a subsidiary of an associate, Offshore Subsea Works Sdn. Bhd. ("OSS") and/or with any other party acceptable to the bank;

(c) Undertaking by OSS to cover any shortfall in the Facility payment amount on behalf of OCL;

(d) Memorandum of Deposit over the Commodity Deferred Purchase Agreement of USD166,320;

(e) Assignment of all rights and benefits for all insurance in respect of the vessel of OCL in favour of the Bank as mortgagee and loss payee covering but not limited to the following:

    (i) Hull and machinery coverage;
    (ii) War risks;
    (iii) Non-cancellation clause without the prior written consent of the Bank;
    (iv) Mortgagee' interest protection;
    (v) Protection and Indemnity covering for the four (4) fourths collision liability clause entered with a Protection and Indemnity Club acceptable to the Bank.

(f) A First charge over the Non-Checking Designated Accounts;

(g) Unconditional and Irrevocable Corporate Guarantee from the Company of up to 51% of the Facility Limit, i.e. for USD14.14 million. The Corporate Guarantee is to be denominated in Malaysian Ringgit equivalent with top-up provision for fluctuation in foreign exchange rates;

(h) Unconditional and Irrevocable Personal Guarantee from a director of the associated company, Mohd Amran bin Abd Wahid for USD13.58 million. The Personal Guarantee is to be denominated in Malaysian Ringgit equivalent with top-up provision for fluctuation in foreign exchange rates;

(i) Negative pledge over the asset of OCL in the form and substance acceptable to the bank.

23. Trade and other payables

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Trade payables				
Third parties	3,445,232	5,854,416	-	-
Other payables				
Amounts due to subsidiaries	-	-	-	7,117,572
Accruals	1,106,385	2,583,374	105,000	105,000
Other payables	986,915	8,097,726	52,000	9,541
	2,093,300	10,681,100	157,000	7,232,113
	5,538,532	16,535,516	157,000	7,232,113

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within the trade credit terms granted to the Group ranging from 30 days to 90 days (2009: 30 days to 90 days).

(b) Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

(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 RM47,986,226 (2010: RM52,480,220) are negligible because the probability of the financial guarantees being called upon is remote as 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

	As at 1 April 2009 RM	Recognised in profit or loss RM	As at 31 March 2010 RM	Recognised in profit or loss RM	As at 31 March 2011 RM
Deferred tax liabilities:					
Property, plant and equipment	1,188,187	(455,636)	732,551	47,365	779,916
Deferred tax assets:					
Unabsorbed capital allowance	(226,128)	20,080	(206,048)	(75,273)	(281,321)
Unutilised tax losses	(2,597)	2,597	-	-	-
	(228,725)	22,677	(206,048)	(75,273)	(281,321)
	959,462	(432,959)	526,503	(27,908)	498,595

Unrecognised deferred tax assets

Due to uncertainty of recoverability, deferred tax assets have not been recognised in respect of the following items which are available for offset against future taxable profits of the respective subsidiaries in which those items arose:

	Group 2011 RM	2010 RM
Unutilised tax losses	22,574,476	22,797,578
Unabsorbed capital and forest allowances	3,461,173	3,475,188
Property, plant and equipment	1,189,789	-
	27,225,438	26,272,766

The unutilised tax losses and unabsorbed capital and forest allowances of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities 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 RM1 each		← Amount →			
	Share capital (Issued and fully paid)	**Treasury share**	**Share capital (Issued and fully paid) RM**	**Share premium RM**	**Total share capital and share premium RM**	**Treasury shares RM**
At 1 April 2009	152,983,300	(8,679,000)	152,983,300	16,515,040	169,498,340	(6,395,530)
Purchase of treasury shares:						
- Consideration	-	(1,586,800)	-	-	-	(1,120,196)
- Transaction costs	-	-	-	-	-	(7,044)
Share options exercised	-	-	-	33,684	33,684	-
At 31 March 2010 and 1 April 2010	152,983,300	(10,265,800)	152,983,300	16,548,724	169,532,024	(7,522,770)
Purchase of treasury shares:						
- Consideration	-	(1,900,200)	-	-	-	(1,391,407)
- Transaction costs	-	-	-	-	-	(10,832)
At 31 March 2011	152,983,300	(12,166,000)	152,983,300	16,548,724	169,532,024	(8,925,009)

	Number of Ordinary Shares of RM1 Each		Amount	
	2011	**2010**	**2011 RM**	**2010 RM**
Authorised share capital				
At beginning and end of year	500,000,000	500,000,000	500,000,000	500,000,000

(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 one vote per share without restrictions and rank equally with regard to the Company's residual assets.

25. Share capital, share premium and treasury shares

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 1,900,200 (2010: 1,586,800) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM1,402,239 (2010: RM1,127,240) comprising consideration paid amounting to RM1,391,407 (2010: RM1,120,196) and transaction costs of RM10,832 (2010: RM7,044) and these were presented as a component within shareholders equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

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.

As at 31 March 2011 and 2010, the Company has tax exempt profits available for distribution of approximately RM43,891,907 (2010: RM44,758,547), subject to the agreement of the Inland Revenue Board.

The Company did not elect for irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 March 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 March 2011 and 2010, the Company has sufficient credit in the 108 balance and the balance in the tax exempt income account to distribute dividends out of its entire retained earnings.

27. Other reserves

	Asset revaluation reserve of an associate RM	Employee share option reserve RM	Foreign currency translation reserve RM	Total RM
Group				
At 1 April 2009	25,616,067	409,020	(90,037)	25,935,050
Share options expired	-	(409,020)	-	(409,020)
Foreign currency translation of				
- an associate	-	-	150,964	150,964
- a subsidiary	-	-	164,297	164,297
Realisation of revaluation reserve of an associate	(2,561,607)	-	-	(2,561,607)
At 31 March 2010 and 2011	23,054,460	-	225,224	23,279,684

28. Dividends

	Dividends in respect of Year 2010 RM	Dividends in respect of Year 2009 RM	Dividends recognised in Year 2011 RM	Dividends recognised in Year 2010 RM
Recognised during the financial year:				
Final tax exempt dividend for 2010: 4% on 141,713,900 ordinary shares (netted off 11,269,400 treasury shares) (4 sen per ordinary share)	5,668,556	-	5,668,556	-
Final tax exempt dividend for 2009: 4% on 143,534,400 ordinary shares (netted off 9,448,900 treasury shares) (4 sen per ordinary share)	-	5,741,376	-	5,741,376
	5,668,556	5,741,376	5,668,556	5,741,376

At the forthcoming Annual General Meeting, a final tax exempt dividend of 2% in respect of the financial year ended 31 March 2011 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2012.

29. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties at terms agreed between the parties during the financial year:

	2011 RM	2010 RM
Group		
Rental of premises paid to Syarikat Kretam Sdn. Bhd., a company in which certain directors of the Company are also directors	-	240,000
Transactions with Offshore Construction & Engineering Sdn. Bhd., an associate's subsidiary		
Interest charged on balance payable for the purchase of a vessel	-	4,406,056
Vessel chartering	22,874,178	25,200,070
Company		
Transaction with a subsidiary		
Tax exempt dividend from an unquoted subsidiary	4,801,916	6,402,554

(b) Compensation of key management personnel

Group

	2011 RM	2010 RM
Short-term employee benefits	5,518,035	5,453,568
Defined contribution plan	465,016	461,686
	5,983,051	5,915,254

30. 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 following are classes of financial instruments whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	20
Trade and other payables	23
Borrowing (current and 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 amount of borrowing is reasonable approximation of fair value due to the insignificant impact of discounting.

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.

31. Financial risk management objectives and policies

The Group and 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 approves policies and procedures for the management of these risks, which are executed by the executive committee. 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.

31. Financial risk management objectives and policies (continued)

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

a) Credit risk

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

<u>Exposure to credit risk</u>

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;
- An amount of RM47,986,226 (2010: RM52,480,220) relating to corporate guarantees provided by the Company to banks on certain subsdiaries' banking facilities.

<u>Credit risk concetration profile</u>

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2011		2010	
	RM	% of total	RM	% of total
By industry sectors:				
Timber processing	357,393	9%	4,767,545	100%
Oil and gas	3,761,035	91%	-	-
	4,118,428	100%	4,767,545	100%

At the reporting date, 91% (2010: Nil) of the Group's trade receivables was due from an associate's subsidiary, a company incorporated in Malaysia which is an oil and gas services provider.

31. Financial risk management objectives and policies (continued)

a) Credit risk (continued)

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. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

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 and 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 level of cash to meet its working capital requirements. At the reporting date, approximately 29% (2010: 21%) of the Group's borrowing (Note 22) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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

		2011	
	On demand or within one year RM	**One to five years RM**	**Total RM**
Group			
Financial liabilities:			
Trade and other payables	5,538,532	-	5,538,532
Borrowing	16,775,590	41,938,974	58,714,564
Total undiscounted financial liabilities	22,314,122	41,938,974	64,253,096

31. Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	2011 On demand or within one year RM	One to five years RM	Total RM
Company			
Financial liabilities:			
Other payables, excluding financial guarantees *	157,000	-	157,000
Total undiscounted financial liabilities	157,000	-	157,000

* At the reporting date, the counterparty to the financial guarantees does not have the 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.

c) Interest rate risk

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

The Group's exposure to interest rate risk arises primarily from its borrowing.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 0.5% lower/higher, with all other variables held constant, the Group's loss net of tax would have been approximately RM365,000 lower/higher, arising mainly as a result of lower/higher interest expense on floating rate borrowing. The assumed movement in percentage for interest rate sensitivity analysis is based on the currently observable market environment.

31. Financial risk management objectives and policies (continued)

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 currencies other than the functional currency of the Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollars.

32. 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 31 March 2011 and 31 March 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The calculations of the Group's and Company's gearing ratios are as follows:

		Group		Company	
	Note	**2011 RM**	**2010 RM**	**2011 RM**	**2010 RM**
Borrowing	22	58,714,564	86,191,116	-	-
Trade and other payables	23	5,538,532	16,535,516	157,000	7,232,113
Less: Cash and bank balances	21	(34,499,490)	(49,859,912)	(389,678)	(5,201,369)
Net debt		29,753,606	52,866,720	(232,678)	2,030,744
Equity attributable to the owners of the Company		139,584,390	200,048,440	176,087,399	176,770,840
Total capital		139,584,390	200,048,440	176,087,399	176,770,840
Gearing ratio		18%	21%	-	1%

33. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

I. The timber processing segment is involved in the manufacture and sale of plywood.
II. The oil and gas segment is involved in vessel chartering and investment in an associate which is an oil and gas services provider.
III. The investment holding segment is involved in business investments.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

33. Segmental information (continued)

The following table provides an analysis of the Group's revenue, results, assets liabilities and other information by business segment.

Business Segments

31 March 2011	Timber processing RM	Oil and Gas RM	Investment holding RM	Others RM	Elimination RM	Notes	Consolidated RM
Revenue:							
External customers	108,069,806	22,874,178	-	-	-		130,943,984
Inter-segment	-	-	4,801,916	1,080,000	(5,881,916)	A	-
Total revenue	108,069,806	22,874,178	4,801,916	1,080,000	(5,881,916)		130,943,984
Results:							
Interest income	468,508	-	32,517	227,220	-		728,245
Depreciation and amortisation	3,992,553	5,185,708	-	411,162	(61,332)		9,528,091
Finance costs	-	4,814,066	-	-	-		4,814,066
Share of results of an associate	-	(59,407,640)	-	-	-		(59,407,640)
Other non-cash expenses	244	4,292,879	-	-	-	B	4,293,123
Segment profit/(loss)	(1,833,018)	(41,041,427)	6,306,037	(2,066,174)	(8,018,757)	C	(46,653,339)
Assets:							
Additions to non-current assets	768,460	-	-	576,893	(50,000)	D	1,295,353
Segment assets	75,721,672	150,136,056	459,905	13,988,397	688,662	E	240,994,692
Segment liabilities	4,974,677	58,757,145	161,000	360,274	498,595	F	64,751,691

33. Segmental information (continued)

Business Segments

	Timber processing RM	Oil and Gas RM	Investment holding RM	Others RM	Adjustments/ Elimination RM	Notes	Consolidated RM
31 March 2010							
Revenue:							
External customers	105,057,484	25,200,070	-	-	-		130,257,554
Inter-segment	-	-	6,402,554	1,080,000	(7,482,554)	A	-
Total revenue	105,057,484	25,200,070	6,402,554	1,080,000	(7,482,554)		130,257,554
Results:							
Interest income	547,391	-	127,205	229,555	-		904,151
Depreciation and amortisation	4,345,164	5,185,709	-	37,771	(58,000)		9,510,644
Finance costs	-	(7,060,417)	-	-	-		(7,060,417)
Share of results of an associate	-	4,464,605	-	-	-		4,464,605
Other non-cash expenses	(59,339)	3,432,792	-	-	-	B	3,373,453
Segment profit/(loss)	(8,779,859)	20,036,111	6,001,138	(946,401)	(6,402,554)	C	9,908,435
Assets:							
Investment in an associate	-	-	59,407,640	-	-		59,407,640
Additions to non-current assets	832,636	-	-	5,252,307	-	D	6,084,943
Segment assets	92,931,313	157,597,513	6,006,751	15,639,677	61,137,823	E	333,313,077
Segment liabilities	7,425,848	93,490,284	134,805	1,770,958	451,240	F	103,273,135

33. Segmental information (continued)

Notes **Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2011 RM	2010 RM
Unrealised foreign exchange gain	4,293,123	3,373,453

C The following items are deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2011 RM	2010 RM
Inter-segment transactions	(4,851,915)	(6,402,554)
Gain on members' voluntary winding up of subsidiaries	(3,166,842)	-
	(8,018,757)	(6,402,554)

D Additions to non-current assets consist of:

Property, plant and equipment	1,295,353	6,084,943

E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2011 RM	2010 RM
Inter-segment assets	(119,164)	(225,760)
Tax refundable	807,826	1,955,943
Investment in an associate	-	59,407,640
	688,662	61,137,823

33. Segmental information (continued)

Notes **Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2011 RM	**2010 RM**
Inter-segment liabilities	-	(95,263)
Deferred tax liabilities	498,595	526,503
Income tax payable	-	20,000
	498,595	451,240

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		**Non-current assets**	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Malaysia	22,874,178	25,200,070	180,203,439	247,846,024
North Asia	108,069,806	105,057,484	-	-
	130,943,984	130,257,554	180,203,439	247,846,024

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2011 RM	**2010 RM**
Property, plant and equipment	180,078,439	188,313,384
Investment in an associate	-	59,407,640
Other Investments	125,000	125,000
	180,203,439	247,846,024

Information about major customers

Revenue from four (2010: four) major customers amount to RM122,221,431 (2010: RM129,696,096) arising from sale of plywood by the timber processing segment and vessel chartering in the oil and gas segment.

34. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2011 were authorised for issue in accordance with a resolution of the directors on 27 July 2011.

35. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 March 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM	Company RM
Total retained profits of the Company and its subsidiaries		
- Realised	55,970,332	15,480,384
- Unrealised	4,293,123	-
	60,263,455	15,480,384
Total share of loss from associate		
- Realised	(39,296,554)	-
- Unrealised	-	-
	(39,296,554)	15,480,384
Less: Consolidation adjustments	(65,269,210)	-
(Loss)/Retained profits as per financial statements	(44,302,309)	15,480,384