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

Directors' Report and Audited Financial Statements
31 March 2013

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)
Lim Ted Hing	(Group managing director/Chief Executive 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
CIMB Bank (L) Limited
HSBC Bank Malaysia Berhad
RHB Bank 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 2013.

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 net of tax	(13,442,378)	(39,444,733)
	========	========

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.

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	
Lim Ted Hing	
Fong Kin Wui	
Voon Sui Liong @ Paul Voon	
Datuk Eric Usip Juin	
Tan Kung Ming	
Chan Saik Chuen	(Retired on 28 February 2013)
Seah Tee Lean	(Retired on 28 September 2012)

Directors (continued)

Datuk Seri Panglima Quek Chiow Yong retires in accordance with Section 129 of the Companies Act, 1965 and the board recommends him 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, Fong Kin Wui and Datuk Eric Usip Juin 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 14 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 the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 31 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	**1.4.2012**	**Acquired**	**Sold**	**31.3.2013**
Datuk Seri Panglima Quek Chiow Yong				
Indirect shareholding#	8,493,424	-	-	8,493,424
Deemed interest*	419,489	-	-	419,489
Lim Ted Hing				
Direct shareholding	1,711,100	-	-	1,711,100
Fong Kin Wui				
Direct shareholding	1,695,794	-	-	1,695,794
Indirect shareholding#	969,574	-	-	969,574

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

Treasury shares

During the financial year, the Company repurchased 5,000 of its issued ordinary shares from the open market at an average price of RM0.40 per share. The total consideration paid for the repurchase including transaction costs was RM2,043. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2013, the Company held as treasury shares a total of 13,008,000 of its 152,983,300 issued ordinary shares. Such treasury shares are held at a carrying amount of RM9,386,487 and further relevant details are disclosed in Note 27 to the financial statements.

Employees' share option scheme (ESOS)

The Company's ESOS for eligible directors and employees of the Company and its subsidiary companies was approved by the shareholders at the Extraordinary General Meeting held on 28 September 2011. The ESOS became effective on 14 February 2012 when the last of the requisite approvals was obtained and is valid for a period of five (5) years expiring on 13 February 2017.

The Company has yet to grant options under the ESOS to eligible directors and employees of the Company and its subsidiary companies at the reporting date.

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.

Subsequent Event

On 4 April 2013, the Company via its wholly-owned subsidiary, Offshore Constructor (Labuan) Ltd. entered into a conditional Memorandum of Agreement (MOA) with National Marine Dredging Company, a public company incorporated in the Emirates of Abu Dhabi and listed on the Abu Dhabi Securities Exchange, for the proposed disposal of its vessel, Offshore Safeena for a total cash consideration of USD29,275,000 (Proposed Disposal).

The Proposed Disposal has been approved by shareholders of the Company at an extraordinary general meeting convened on 16 July 2013 and is now pending completion pursuant to the terms stipulated in the MOA.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 July 2013.

Lim Ted Hing

Fong Kin Wui

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

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

We, Lim Ted Hing and Fong Kin Wui, 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 76 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 on page 77 to the financial statements has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 July 2013.

Lim Ted Hing   Fong Kin Wui

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 77 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 26 July 2013   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 2013 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 information, as set out on pages 11 to 76.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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 reporting responsibilities

The supplementary information set out in Note 38 on page 77 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 Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

1. As stated in Note 2 to the financial statements, Tekala Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 April 2012 with a transition date of 1 April 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2012 and 1 April 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 March 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2012 do not contain misstatements that materially affect the financial position as of 31 March 2013 and financial performance and cash flows for the year then ended.

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

Ernst & Young
AF: 0039
Chartered Accountants

Chong Ket Vui, Dusun
2944/01/15 (J)
Chartered Accountant

Sandakan, Malaysia
26 July 2013

Statements of comprehensive income

For the financial year ended 31 March 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	5	96,099,243	105,948,549	19,207,662	2,400,958
Cost of sales	6	(95,328,531)	(85,488,519)	-	-
Gross profit		770,712	20,460,030	19,207,662	2,400,958
Other items of income					
Interest income	7	41,373	428,194	-	4,903
Dividend income	8	33,229	22,705	-	-
Other income	9	472,257	6,213,302	-	-
Other items of expense					
Distribution costs		(729,122)	(575,070)	-	-
Administrative expenses		(10,519,012)	(12,756,769)	(424,645)	(652,717)
Finance costs	10	(2,633,870)	(3,709,825)	-	-
Other expenses	11	(857,903)	(68,628,937)	(58,227,750)	(100,000)
(Loss)/Profit before tax	12	(13,422,336)	(58,546,370)	(39,444,733)	1,653,144
Income tax expense	15	(20,042)	(90,262)	-	-
(Loss)/Profit, net of tax representing total comprehensive income for the year		(13,442,378)	(58,636,632)	(39,444,733)	1,653,144
(Loss)/Profit attributable to:					
Owners of the Company		(13,442,378)	(36,413,886)	(39,444,733)	1,653,144
Non-controlling interests		-	(22,222,746)	-	-
		(13,442,378)	(58,636,632)	(39,444,733)	1,653,144

Statements of comprehensive income

For the financial year ended 31 March 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Total comprehensive income attributable to:					
Owners of the Company		(13,442,378)	(36,413,886)	(39,444,733)	1,653,144
Non-controlling interests		-	(22,222,746)	-	-
		(13,442,378)	(58,636,632)	(39,444,733)	1,653,144
Loss per share attributable to owners of the Company (sen per share):					
Basic/diluted	16	(9.60)	(25.93)		

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

Consolidated statement of financial position

As at 31 March 2013

	Note	As at 31.3.2013 RM	As at 31.3.2012 RM	As at 1.4.2011 RM
Assets				
Non-current assets				
Property, plant and equipment	17	105,009,575	115,247,008	180,078,439
Investment in an associate	19	-	-	-
Investment securities	20	125,000	125,000	125,000
		105,134,575	115,372,008	180,203,439
Current assets				
Inventories	21	17,446,701	20,671,190	18,973,132
Trade and other receivables	22	7,287,829	10,869,036	5,943,297
Prepayments		493,797	471,505	527,508
Tax refundable		151,050	201,890	807,826
Cash and bank balances	23	6,229,348	10,542,440	34,499,490
		31,608,725	42,756,061	60,751,253
Total assets		136,743,300	158,128,069	240,954,692
Equity and liabilities				
Current liabilities				
Borrowings	24	25,657,815	22,325,305	16,775,590
Trade and other payables	25	7,059,666	8,623,324	5,538,532
		32,717,481	30,948,629	22,314,122
Net current (liabilities)/assets		(1,108,756)	11,807,432	38,437,131
Non-current liabilities				
Borrowings	24	15,775,182	25,484,382	41,938,974
Deferred tax liabilities	26	498,595	498,595	498,595
		16,273,777	25,982,977	42,437,569
Total liabilities		48,991,258	56,931,606	64,751,691
Net assets		87,752,042	101,196,463	176,203,001

Consolidated statement of financial position

As at 31 March 2013

	Note	As at 31.3.2013 RM	As at 31.3.2012 RM	As at 1.4.2011 RM
Equity attributable to owners of the Company				
Share capital	27	152,983,300	152,983,300	152,983,300
Share premium	27	16,548,724	16,548,724	16,548,724
Treasury shares	27	(9,386,487)	(9,384,444)	(8,925,009)
Accumulated losses		(73,688,275)	(83,300,357)	(44,077,085)
Other reserves	29	1,294,780	24,349,240	23,054,460
		87,752,042	101,196,463	139,584,390
Non-controlling interest		-	-	36,618,611
Total equity		87,752,042	101,196,463	176,203,001
Total equity and liabilities		136,743,300	158,128,069	240,954,692

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

Company statement of financial position
As at 31 March 2013

	Note	As at 31.3.2013 RM	As at 31.3.2012 RM	As at 1.4.2011 RM
Assets				
Non-current assets				
Investments in subsidiaries	18	119,646,593	165,086,953	152,089,937
Current assets				
Trade and other receivables	22	15,379,914	9,504,228	23,716,784
Prepayments		15,000	15,000	15,000
Tax refundable		8,700	22,200	33,000
Cash and bank balances	23	111,421	49,387	389,678
		15,515,035	9,590,815	24,154,462
Total assets		135,161,628	174,677,768	176,244,399
Equity and liabilities				
Current liabilities				
Trade and other payables	25	136,682	206,046	157,000
Net current assets		15,378,353	9,384,769	23,997,462
Net assets		135,024,946	174,471,722	176,087,399
Equity attributable to owners of the Company				
Share capital	27	152,983,300	152,983,300	152,983,300
Share premium	27	16,548,724	16,548,724	16,548,724
Treasury shares	27	(9,386,487)	(9,384,444)	(8,925,009)
(Accumulated losses)/retained earnings		(25,120,591)	14,324,142	15,480,384
Total equity		135,024,946	174,471,722	176,087,399
Total equity and liabilities		135,161,628	174,677,768	176,244,399

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

Consolidated statement of changes in equity
For the financial year ended 31 March 2013

			Attributable to owners of the Company							
				Non-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	Accumulated losses RM	Other reserves RM	Asset revaluation reserve RM	Other reserve RM
2013										
Opening balance at 1 April 2012		101,196,463	101,196,463	152,983,300	16,548,724	(9,384,444)	(83,300,357)	24,349,240	23,054,460	1,294,780
Total comprehensive income		(13,442,378)	(13,442,378)	-	-	-	(13,442,378)	-	-	-
Transactions with owners										
Arising from impairment of an associate		-	-	-	-	-	23,054,460	(23,054,460)	(23,054,460)	-
Purchase of treasury shares:										
- Consideration	27	(2,000)	(2,000)	-	-	(2,000)	-	-	-	-
- Transaction costs	27	(43)	(43)	-	-	(43)	-	-	-	-
Total transactions with owners		(2,043)	(2,043)	-	-	(2,043)	23,054,460	(23,054,460)	(23,054,460)	-
Closing balance at 31 March 2013		87,752,042	87,752,042	152,983,300	16,548,724	(9,386,487)	(73,688,275)	1,294,780	-	1,294,780

Consolidated statement of changes in equity

For the financial year ended 31 March 2013

			← Attributable to owners of the Company →								
				Non-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	Accumulated losses RM	Other reserves RM	Asset revaluation reserve RM	Other Reserve RM	Non-controlling interests RM
2012											
Opening balance at 1 April 2011		176,203,001	139,584,390	152,983,300	16,548,724	(8,925,009)	(44,077,085)	23,054,460	23,054,460	-	36,618,611
Total comprehensive income		(58,636,632)	(36,413,886)	-	-	-	(36,413,886)	-	-	-	(22,222,746)
Transactions with owners											
Arising from acquisition of non-controlling interest		(13,101,085)	1,294,780	-	-	-	-	1,294,780	-	1,294,780	(14,395,865)
Purchase of treasury shares:											
- Consideration	27	(456,315)	(456,315)	-	-	(456,315)	-	-	-	-	-
- Transaction costs	27	(3,120)	(3,120)	-	-	(3,120)	-	-	-	-	-
Dividend	30	(2,809,386)	(2,809,386)	-	-	-	(2,809,386)	-	-	-	-
Total transactions with owners		(16,369,906)	(1,974,041)	-	-	(459,435)	(2,809,386)	1,294,780	-	1,294,780	(14,395,865)
Closing balance at 31 March 2012		101,196,463	101,196,463	152,983,300	16,548,724	(9,384,444)	(83,300,357)	24,349,240	23,054,460	1,294,780	-

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

Company statement of changes in equity
For the financial year ended 31 March 2013

			← Attributable to owners of the Company →			
			Non-distributable			
	Note	**Equity, total RM**	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**(Accumulated losses)/ retained earnings RM**
2013						
Opening balance at 1 April 2012		174,471,722	152,983,300	16,548,724	(9,384,444)	14,324,142
Total comprehensive income		(39,444,733)	-	-	-	(39,444,733)
Transactions with owners						
Purchase of treasury shares:						
- Consideration		(2,000)	-	-	(2,000)	-
- Transaction costs		(43)	-	-	(43)	-
Total transactions with owners		(2,043)	-	-	(2,043)	-
Closing balance at 31 March 2013		135,024,946	152,983,300	16,548,724	(9,386,487)	(25,120,591)
2012						
Opening balance at 1 April 2011		176,087,399	152,983,300	16,548,724	(8,925,009)	15,480,384
Total comprehensive income		1,653,144	-	-	-	1,653,144
Transactions with owners						
Purchase of treasury shares:						
- Consideration		(456,315)	-	-	(456,315)	-
- Transaction costs		(3,120)	-	-	(3,120)	-
Dividend	30	(2,809,386)	-	-	-	(2,809,386)
Total transactions with owners		(3,268,821)	-	-	(459,435)	(2,809,386)
Closing balance at 31 March 2012		174,471,722	152,983,300	16,548,724	(9,384,444)	14,324,142

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 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Operating activities					
(Loss)/profit before tax		(13,422,336)	(58,546,370)	(39,444,733)	1,653,144
Adjustments for:					
Depreciation of property, plant and equipment	12	5,532,167	7,402,377	-	-
Dividend income	8	(33,229)	(22,705)	-	-
Equipment scrapped	12	4,002	563	-	-
Finance costs	10	2,633,870	3,709,825	-	-
Gain on disposal of plant and equipment	9	(246,622)	(134,015)	-	-
Gain on disposal of short-term investment		(10,355)	(33,073)	-	-
Impairment loss on:					
- Vessel	11	-	57,617,831	-	-
- Trade receivables	11	-	9,823,835	-	-
- Amounts due from subsidiaries	11	-	-	58,227,750	-
Interest income	7	(41,373)	(428,194)	-	(4,903)
Net unrealised foreign exchange loss		127,265	538,764	-	-
Provision for diminution in value of investment in a subsidiary		-	-	-	100,000
Recovery of debts previously impaired		-	(5,866,306)	-	-
Total adjustments		7,965,725	72,608,902	58,227,750	95,097
Operating cash flows before changes in working capital		(5,456,611)	14,062,532	18,783,017	1,748,241
Changes in working capital					
Decrease/(increase) in inventories		3,224,489	(1,698,058)	-	-
Decrease/(increase) in receivables		3,683,980	(8,796,319)	-	89
Increase/(decrease) in payables		2,374,641	(853,509)	(69,364)	49,046
Total changes in working capital		9,283,110	(11,347,886)	(69,364)	49,135
Cash flows from operations		3,826,499	2,714,646	18,713,653	1,797,376
Income tax refunded		193,148	749,874	13,500	10,800
Income tax paid		(162,350)	(234,200)	-	-
Net cash flows from operating activities		3,857,297	3,230,320	18,727,153	1,808,176

Statements of cash flows
For the financial year ended 31 March 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Investing activities					
Dividend received	8	33,229	22,705	-	-
Interest received		40,563	426,551	-	4,903
Payment for acquisition of non-controlling interest		(3,938,300)	(9,162,785)	-	-
Purchase of property, plant and equipment	17	(52,114)	(192,172)	-	-
Proceeds from disposal of property, plant and equipment		5,000,000	136,850	-	-
Net cash flows from/(used in) investing activities		1,083,378	(8,768,851)	-	4,903
Financing activities					
Finance costs paid	10	(2,633,870)	(3,709,825)	-	-
Dividend paid	30	-	(2,809,386)	-	(2,809,386)
Proceeds from borrowings		28,492,629	5,335,717	-	-
Repayment of borrowings		(35,110,483)	(16,775,590)	-	-
Purchase of treasury shares	27	(2,043)	(459,435)	(2,043)	(459,435)
Net changes in accounts with subsidiaries		-	-	(18,663,076)	1,115,451
Net cash flows used in financing activities		(9,253,767)	(18,418,519)	(18,665,119)	(2,153,370)
Net (decrease)/increase in cash and cash equivalents		(4,313,092)	(23,957,050)	62,034	(340,291)
Cash and cash equivalents at beginning of year		10,542,440	34,499,490	49,387	389,678
Cash and cash equivalents at end of year	23	6,229,348	10,542,440	111,421	49,387

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 Market 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.

2. First-time adoption of Malaysian Financial Reporting Standards (MFRS)

These financial statements, for the year ended 31 March 2013, are the first the Group and the Company have prepared in accordance with MFRS. For periods up to and including the year ended 31 March 2012, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards (FRS).

Accordingly, the Group and the Company have prepared financial statements which comply with MFRS applicable for periods ending on or after 31 March 2013, together with the comparative period data as at and for the year ended 31 March 2012, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's and the Company's opening statement of financial position was prepared as at 1 April 2011, the Group's and the Company's date of transition to MFRS. This note explains the principal adjustments made by the Group and the Company in restating its FRS financial statements, including the statement of financial position as at 1 April 2011 and its previously published FRS financial statements as at and for the year ended 31 March 2012.

Exemptions applied

MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain requirements under MFRS.

The Group has applied the following exemptions:

- The Group has elected to deem cumulative currency translation differences in respect of all foreign operations to be zero at the date of transition to MFRS. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 April 2011.

- MFRS 3: Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for MFRS, that occurred before 1 April 2011. Use of this exemption means that the carrying amounts of assets and liabilities, that are required to be recognised under MFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with MFRS. Assets and liabilities that do not qualify for recognition under MFRS are excluded from the opening MFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of MFRS recognition requirements.

2. First-time adoption of Malaysian Financial Reporting Standards (MFRS) (continued)

Estimates

The estimates at 1 April 2011 and at 31 March 2012 are consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 April 2011, the date of transition to MFRS and as of 31 March 2012.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are shown below:

(i) Reconciliation of equity as at 1 April 2011

	FRS as at 1 April 2011 RM	Effect of Transition to MFRS RM	MFRS as at 1 April 2011 RM
Share capital	152,983,300	-	152,983,300
Share premium	16,548,724	-	16,548,724
Treasury shares	(8,925,009)	-	(8,925,009)
Accumulated losses	(44,302,309)	225,224	(44,077,085)
Foreign currency translation reserve	225,224	(225,224)	-
Other reserve	23,054,460	-	23,054,460
Non-controlling interests	36,618,611	-	36,618,611
	176,203,001	-	176,203,001

(ii) Reconciliation of equity as at 31 March 2012

	FRS as at 31 March 2012 RM	Effect of Transition to MFRS RM	MFRS as at 31 March 2012 RM
Share capital	152,983,300	-	152,983,300
Share premium	16,548,724	-	16,548,724
Treasury shares	(9,384,444)	-	(9,384,444)
Accumulated losses	(83,525,581)	225,224	(83,300,357)
Foreign currency translation reserve	225,224	(225,224)	-
Other reserve	24,349,240	-	24,349,240
	101,196,463	-	101,196,463

3. Summary of significant accounting policies

3.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

For all periods up to and including the year ended 31 March 2012, the Group and the Company prepared their financial statements in accordance with FRS. These financial statements for the year ended 31 March 2013 are the first the Group and the Company have prepared in accordance with MFRS. Refer to Note 2 for information on how the Group and the Company adopted MFRS.

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia (RM).

3.2 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
MFRS 101: Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3: Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 10: Consolidated Financial Statements	1 January 2013
MFRS 11: Joint Arrangements	1 January 2013
MFRS 12: Disclosure of interests in Other Entities	1 January 2013
MFRS 13: Fair Value Measurement	1 January 2013
MFRS 119: Employee Benefits	1 January 2013
MFRS 127: Separate Financial Statements	1 January 2013
MFRS 128: Investment in Associate and Joint Ventures	1 January 2013

3. Summary of significant accounting policies (continued)

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

Description	Effective for annual periods beginning on or after
MFRS 127: Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9: Financial Instruments	1 January 2015

3. Summary of significant accounting policies (continued)

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

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

MFRS 12: Disclosures of Interests in Other Entities

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

MFRS 127: Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2004)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

3. Summary of significant accounting policies (continued)

3.3 Basis of consolidation

Basis of consolidation from 1 April 2011

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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 and dividends are eliminated in full.

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition 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. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Basis of consolidation prior to 1 April 2011

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation.

Acquisition of non-controlling interests, prior to 1 April 2011, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 April 2011 were not reallocated between non-controlling interest and the owners of the Company.

Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 April 2011 has not been restated.

3. Summary of significant accounting policies (continued)

3.4 Business combinations

Business combinations from 1 April 2011

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in accordance with MFRS 139 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquire (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 3.8 in instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

3. Summary of significant accounting policies (continued)

3.4 Business combinations (continued)

Business combinations prior to 1 April 2011

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not 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.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

3.5 Transactions with non-controlling interests

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

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

3. Summary of significant accounting policies (continued)

3.6 Foreign currency

a) Functional and presentation currency

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

b) Foreign currency transactions

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

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

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

3. Summary of significant accounting policies (continued)

3.7 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.

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.

Depreciation of other property, plant and equipment is computed on a straight-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.

3. Summary of significant accounting policies (continued)

3.8 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 3.6.

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.

3.9 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.

3. Summary of significant accounting policies (continued)

3.10 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.

3.11 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.

3. Summary of significant accounting policies (continued)

3.12 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.

3. Summary of significant accounting policies (continued)

3.13 Financial assets

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

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

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

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.

3. Summary of significant accounting policies (continued)

3.13 Financial assets (continued)

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.

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.

3. Summary of significant accounting policies (continued)

3.13 Financial assets (continued)

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.

3.14 Impairment of financial assets

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

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.

3. Summary of significant accounting policies (continued)

3.14 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.

3. Summary of significant accounting policies (continued)

3.15 Cash and cash equivalents

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

3.16 Inventories

Inventories are stated at 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.

3.17 Provisions

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

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

3. Summary of significant accounting policies (continued)

3.18 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 MFRS 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.

3. Summary of significant accounting policies (continued)

3.19 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.

3.20 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.

3.21 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.

3. Summary of significant accounting policies (continued)

3.21 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.

3.22 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.

3.23 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.

3. Summary of significant accounting policies (continued)

3.23 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.

3. Summary of significant accounting policies (continued)

3.23 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.

3.24 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.25 Share capital and share issuance expenses

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

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

3.26 Treasury shares

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

4. 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 17.

b) Impairment of loan and receivable

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

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

4. Significant accounting judgements and estimates (continued)

c) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

During the previous financial year, the Group had recognised impairment losses in respect of a subsidiary's property, plant and equipment. The Group carried out the impairment test based on a variety of estimation including the value in use of the cash-generating units ("CGU") to which the property, plant and equipment were allocated. Estimating the value in use required the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment of the Group as at 31 March 2013 were RM105,009,575 (2012: RM115,247,008). Further details of the impairment losses recognised for property, plant and equipment are disclosed in Note 17.

d) 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 2013 are disclosed in Note 26. The recognised unabsorbed capital allowances of the Group was RM445,604 (2012: RM582,340) and the unrecognised tax losses and unabsorbed capital allowances of the Group was RM36,305,926 (2012: RM28,235,991).

5. Revenue

	Group		Company	
	2013 **RM**	**2012** **RM**	**2013** **RM**	**2012** **RM**
Revenue from timber processing	84,006,525	83,766,572	-	-
Vessel chartering income	12,092,718	22,181,977	-	-
Tax exempt dividends from an unquoted subsidiary	-	-	19,207,662	2,400,958
	96,099,243	105,948,549	19,207,662	2,400,958

6. Cost of sales

Cost of inventories sold	83,703,232	74,576,973	-	-
Vessel operating expenses	11,625,299	10,911,546	-	-
	95,328,531	85,488,519	-	-

7. Interest income

Interest on short-term deposits	41,373	428,194	-	4,903

8. Dividend income

Dividend income from:				
- available-for-sale financial assets:				
- unquoted equity instruments	16,250	-	-	-
- Short-term investments	16,979	22,705	-	-
	33,229	22,705	-	-

9. Other income

Gain on foreign exchange	53,885	-	-	-
Gain on disposal of plant and equipment	246,622	134,015	-	-
Gain on disposal of short-term investment	10,355	33,073	-	-
Miscellaneous income	155,395	173,908	-	-
Rental income	6,000	6,000	-	-
Recovery of debts previously impaired	-	5,866,306	-	-
	472,257	6,213,302	-	-

10. Finance costs

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expense on borrowings	2,633,870	3,709,825	-	-

11. Other expenses

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Amortisation of leasehold land	78,180	78,180	-	-
Depreciation of building	190,612	190,612	-	-
Equipment scrapped	-	73	-	-
Impairment loss on:				
- Amounts due from subsidiaries	-	-	58,227,750	-
- Investment in a subsidiary	-	-	-	100,000
- Trade receivables	-	9,823,835	-	-
- Vessel	-	57,617,831	-	-
Insurance	18,546	17,209	-	-
Net foreign exchange loss	570,565	901,197	-	-
	857,903	68,628,937	58,227,750	100,000

12. (Loss)/profit before tax

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Auditors' remuneration:				
- statutory audits	70,200	70,200	25,000	25,000
- other services	18,450	21,350	1,800	1,800
Depreciation of property, plant and equipment	5,263,375	7,133,585	-	-
Employee benefits expense (Note 13)	15,975,131	17,251,543	35,000	40,000
Equipment scrapped	4,002	490	-	-
Non-executive directors' remuneration (Note 14)	724,665	862,415	190,665	212,915
Provision for diminution in value of investment in a subsidiary	-	-	-	100,000
Rental of premises	173,758	120,000	-	-

13. Employee benefits expense

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Salaries, wages and allowances	14,611,625	16,015,321	35,000	40,000
Social security contributions	63,653	59,822	-	-
Contributions to defined contribution plan	897,855	1,048,296	-	-
Benefits-in-kind	401,998	128,104	-	-
	15,975,131	17,251,543	35,000	40,000

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM3,982,660 (2012: RM5,594,875) and RM35,000 (2012: RM40,000) respectively.

14. Directors' remuneration

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Executive directors of the Company:				
- Salaries and bonus	2,182,500	3,253,000	-	-
- Fees	35,000	40,000	35,000	40,000
- Defined contribution plan	181,740	290,115	-	-
	2,399,240	3,583,115	35,000	40,000
Executive directors of subsidiaries:				
- Salaries and bonus	1,470,000	1,865,000	-	-
- Defined contribution plan	112,800	146,140	-	-
- Social security contribution	620	620	-	-
	1,583,420	2,011,760	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 13)	3,982,660	5,594,875	35,000	40,000
Benefits-in-kind	298,631	225,474	-	-
Total executive directors' remuneration (including benefits-in-kind)	4,281,291	5,820,349	35,000	40,000

14. Directors' remuneration (continued)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Non-Executive:				
- Fees	40,000	40,000	40,000	40,000
- Salaries and bonus	666,000	803,500	132,000	154,000
- Defined contribution plan	17,160	17,410	17,160	17,410
- Social security contributions	1,505	1,505	1,505	1,505
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 12)	724,665	862,415	190,665	212,915
Benefits-in-kind	39,446	20,106	-	-
Total non-executive directors' remuneration	764,111	882,521	190,665	212,915
Total directors' remuneration	5,045,402	6,702,870	225,665	252,915

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 2013	Number of directors 2012
Executive directors:		
RM350,001-400,000	1	-
RM450,001-500,000	-	1
RM600,001-650,000	1	-
RM650,001-700,000	1	-
RM800,001-850,000	1	1
RM850,001-900,000	-	1
RM1,450,001-1,500,000	-	1
Non-Executive directors:		
RM50,001-100,000	3	3
RM550,001-600,000	1	-
RM650,001-700,000	-	1

15. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2013 and 2012 are:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**R**
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	-	69,215	-	-
- Labuan Business Activity Tax	20,000	20,000		
- Underprovision in prior years	42	1,047	-	-
Income tax expense recognised in profit or loss	20,042	90,262	-	-

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 2013 and 2012 are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**R**
Accounting (loss)/profit before tax	(13,422,336)	(58,546,370)	(39,444,733)	1,653,144
Tax expense at Malaysian statutory tax rate of 25% (2012: 25%)	(3,355,584)	(14,636,592)	(9,861,183)	413,286
Income not subject to tax	-	(30,194)	(4,801,916)	(600,240)
Loss of a subsidiary in Labuan not subject to tax	726,179	13,739,228	-	-
Expenses not deductible for tax purposes	490,391	886,921	14,663,099	186,954
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	2,159,014	129,852	-	-
Underprovision of current tax expense in prior years	42	1,047	-	-
Income tax expense recognised in profit or loss	20,042	90,262	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

15. Income tax expense (continued)

	Group 2013 RM	Group 2012 RM
Unutilised tax losses carried forward	30,501,281	23,594,360
Unabsorbed capital and forest allowances carried forward	6,250,249	5,223,971

16. Loss per share

Basic/diluted

Basic/diluted loss per share amount is calculated by dividing the loss 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 loss and share data used in the computation of basic and diluted loss per share for the years ended 31 March 2013 and 2012:

	Group 2013	Group 2012
Loss net of tax attributable to owners of the Company (RM)	(13,442,378)	(36,413,886)
Weighted average number of ordinary shares in issue	139,976,081	140,424,280
Basic/diluted loss per share for the year (sen)	(9.60)	(25.93)

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

17. 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	Total RM
Group							
Cost							
At 1 April 2011	155,571,250	20,049,154	28,308,948	66,288,845	3,279,308	2,077,068	275,574,573
Additions	-	-	155,507	2,580	-	34,085	192,172
Disposals	-	-	-	-	(490,425)	(14,380)	(504,805)
Scrapped	-	-	-	(11,589)	-	(118,649)	(130,238)
At 31 March 2012 and 1 April 2012	155,571,250	20,049,154	28,464,455	66,279,836	2,788,883	1,978,124	275,131,702
Additions	-	-	-	34,060	-	18,054	52,114
Disposals	-	(237,905)	(4,820,861)	-	-	(516,457)	(5,575,223)
Scrapped	-	-	-	(32,580)	-	(43,751)	(76,331)
At 31 March 2013	155,571,250	19,811,249	23,643,594	66,281,316	2,788,883	1,435,970	269,532,262

17. 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	Total RM
Accumulated depreciation and impairment loss							
At 1 April 2011	10,803,559	1,115,064	20,018,409	60,311,836	2,068,105	1,179,157	95,496,130
Depreciation charge for the year	4,393,151	225,666	862,245	1,375,239	315,871	230,205	7,402,377
Disposals	-	-	-	-	(490,423)	(11,547)	(501,970)
Scrapped	-	-	-	(11,457)	-	(118,217)	(129,674)
Impairment loss	57,617,831	-	-	-	-	-	57,617,831
At 31 March 2012 and 1 April 2012	72,814,541	1,340,730	20,880,654	61,675,618	1,893,553	1,279,598	159,884,694
Depreciation charge for the year	3,103,056	224,008	720,588	1,036,427	279,817	168,271	5,532,167
Disposals	-	(8,289)	(574,426)	-	-	(239,130)	(821,845)
Scrapped	-	-	-	(30,257)	-	(42,072)	(72,329)
At 31 March 2013	75,917,597	1,556,449	21,026,816	62,681,788	2,173,370	1,166,667	164,522,687

17. 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	Total RM
Net carrying amount							
At 31 March 2012	82,756,709	18,708,424	7,583,801	4,604,218	895,330	698,526	115,247,008
At 31 March 2013	79,653,653	18,254,800	2,616,778	3,599,528	615,513	269,303	105,009,575

Asset pledged as security

The vessel of the Group has been pledged as security for the Group's borrowing (Note 24).

Impairment of assets

In the previous financial year, a valuation on the vessel belonging to a subsidiary was carried out by an independent professional firm to determine the net assets of the subsidiary for the purpose of acquiring the remaining 49% equity interest not already owned by the Group. Arising from that, the Group carried out an assessment for impairment on the vessel. It had resulted in an impairment loss of RM57,617,831, representing the write-down of the vessel to its recoverable amount in "Other expenses" line item of the statements of comprehensive income for the financial year ended 31 March 2012. The recoverable amount of the vessel was based on its estimated fair value less cost to sell.

18. Investments in subsidiaries

	Company 2013 RM	2012 RM
Unquoted shares at cost	85,054,749	85,054,749
Less: Provision for diminution in value		
At beginning of year	27,828,819	27,728,819
Current year	-	100,000
At end of year	27,828,819	27,828,819
	57,225,930	57,225,930
Amounts due from subsidiaries	120,648,413	107,861,023
Less: Impairment loss	58,227,750	-
	62,420,663	107,861,023
	119,646,593	165,086,953

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

Name of Subsidiaries	Principal Activities	Proportion (%) of ownership interest 2013	2012
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
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
Subsidiaries of Marimba Sdn. Bhd.			
Hartawan Ekuiti Sdn. Bhd.	Ceased operation	100	100
Subsidiary of Gerak Armada Sdn. Bhd.			
Offshore Constructor (Labuan) Ltd.	Vessel chartering	100	100

All the subsidiaries of the Company are audited by Ernst & Young, Malaysia.

19. Investment in an associate

	Group 2013 RM	Group 2012 RM
At cost, fully impaired	-	-

Details of the associate whose financial year end is 31 December and held by a subsidiary, Gerak Armada Sdn. Bhd. which is incorporated in Malaysia, are as follows:

Name of Subsidiaries	Principal Activities	Proportion (%) of ownership interest 2013	2012
Offshoreworks Holdings Sdn. Bhd.	Company's activity is investment holding while the Group is an oil and gas services provider	25	25

The Group has ceased recognising losses relating to its associate, Offshoreworks Holdings Sdn. Bhd. since the financial year ended 31 March 2011, where its share of losses exceeds the Group's interest in this associate which comprises unquoted shares at a cost of RM16,016,870. The Group has no obligation in respect of these losses.

The summarised financial information of the associate is as follows:

	2013 RM	2012 RM
Assets and liabilities		
Total assets	147,284,179	539,357,240
Total liabilities	(594,398,865)	(826,609,311)
Results		
Revenue	161,218,698	449,806,228
Loss for the year	(104,866,000)	(180,606,509)

20. Investment securities

	Group 2013 RM	Group 2012 RM
At cost		
Available-for-sale financial assets:		
- Unquoted equity instrument, at cost	325,000	325,000
Less: Impairment loss	(200,000)	(200,000)
	125,000	125,000

Impairment loss

As at 31 March 2013, the Group has recognised an impairment loss of RM200,000 (2012: RM200,000) for an unquoted equity instrument as the fair value of this investment was below its costs.

21. Inventories

	Group 2013 RM	Group 2012 RM
Cost		
Finished goods	3,101,331	-
Production supplies	2,251,599	2,381,264
Raw materials	2,759,225	1,739,049
Stock-in-transit	2,248,276	-
Work-in-progress	3,643,060	4,973,672
	14,003,491	9,093,985
Net realisable value		
Finished goods	1,947,387	10,276,264
Work-in-progress	1,495,823	1,300,941
	3,443,210	11,577,205
	17,446,701	20,671,190

22. Trade and other receivables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Third parties	10,323,071	8,287,023	-	-
Subsidiary of an associate	1,847,882	1,847,882	-	-
	12,170,953	10,134,905	-	-
Less: Allowance for impairment				
Third parties	(3,609,647)	(3,609,647)	-	-
Subsidiary of an associate	(1,847,882)	(1,847,882)	-	-
	6,713,424	4,677,376	-	-
Other receivables				
Amounts due from subsidiaries	-	-	15,373,414	9,497,728
Deposits	323,995	5,762,885	6,500	6,500
Sundry receivables	250,410	428,775	-	-
	574,405	6,191,660	15,379,914	9,504,228
Total trade and other receivables	7,287,829	10,869,036	15,379,914	9,504,228
Add: Cash and bank balances (Note 23)	6,229,348	10,542,440	111,421	49,387
Total loans and receivables	13,517,177	21,411,476	15,491,335	9,553,615

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 day to 60 day (2012: 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	
	2013	**2012**
	RM	**RM**
Neither past due nor impaired	6,713,424	4,677,376
Impaired	5,457,529	5,457,529
	12,170,953	10,134,905

22. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 63% (2012: 79%) of the Group's trade receivables arise from customers with more than five years (2012: five 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 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 2013 RM	 2012 RM
Trade receivables-nominal amounts	5,457,529	5,457,529
Less: Allowance for impairment	(5,457,529)	(5,457,529)
	-	-

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

	Group 2013 RM	 2012 RM
At beginning of year	5,457,529	1,500,000
Charge for the year	-	3,957,529
At end of year	5,457,529	5,457,529

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) Deposits

Included in deposits is an amount of RM170,779 (2012: RM5,708,200) maintained with a bank over the tenure of the term loan and shall be utilised for payment of interest due on the term loan.

23. Cash and bank balances

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Cash on hand and at banks	3,825,000	2,665,426	111,421	49,387
Short term:				
- Deposits with licensed banks	350,000	6,850,000	-	-
- Investments with a licensed bank	2,054,348	1,027,014	-	-
Total cash and cash equivalents	6,229,348	10,542,440	111,421	49,387

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 for the financial year ranged from 2.00% to 3.10% (2012: 2.00% to 3.10%) per annum.

24. Borrowings

	Group	
	2013 RM	**2012 RM**
Current		
Secured:		
Bankers' acceptance	-	1,731,000
Term loans:		
- USD Effective Cost of Fund +3% loan	17,150,364	16,989,588
- 2.6% p.a. fixed rate USD loan	6,707,451	3,604,717
- BLR + 1% RM loan	1,800,000	-
	25,657,815	22,325,305
Non-current		
Secured:		
- USD Effective Cost of Fund +3% loan	8,575,182	25,484,382
- BLR + 1% RM loan	7,200,000	-
	15,775,182	25,484,382
At end of year	41,432,997	47,809,687

The remaining maturities of borrowings as at 31 March 2013 are as follows:

	Group	
	2013 RM	**2012 RM**
On demand or within one year	25,657,815	22,325,305
More than 1 year and less than 2 years	10,375,182	16,989,588
More than 2 years and less than 5 years	5,400,000	8,494,794
	41,432,997	47,809,687

24. Borrowings (continued)

Bankers' acceptance

The bankers' acceptance was secured by corporate guarantee provided by the Company.

2.6% p.a. fixed rate USD loan

This loan is denominated in United States Dollar and amounted to USD2,144,668 as at 31 March 2013 (2012: USD1,163,112). It is secured by corporate guarantee provided by the Company.

USD Effective Cost of Fund +3% loan

This loan is denominated in United States Dollar and amounted to USD8,316,000 as at 31 March 2013 (2012:USD13,860,000). It is secured by the following:

(a) First Statutory Mortgage over the vessel of a subsidiary company as disclosed in Note 17 together with Deed of Covenant;

(b) Assignment of all rights and benefits for all insurance in respect of the vessel of the subsidiary company 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.

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

(d) Unconditional and Irrevocable Corporate Guarantee from Tekala Corporation Berhad of up to 100% of the Facility Limit, i.e. for USD27.72 million. The Corporate Guarantee is to be denominated in Malaysian Ringgit equivalent with top-up provision for fluctuation in foreign exchange rates;

(e) Irrevocable undertaking by Tekala Corporation Berhad to cover any shortfall of all amounts due and payable under the Facility on behalf of the Company; and

(f) Negative pledge over the Company's asset in the form and substance acceptable to the bank.

BLR + 1% RM loan

This loan is secured by corporate guarantee provided by the Company and certain land of the Group.

25. Trade and other payables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Trade payables				
Third parties	5,019,509	2,832,782	-	-
Other payables				
Accruals	1,139,792	851,586	100,000	107,987
Other payables	900,365	4,938,956	36,682	98,059
	2,040,157	5,790,542	136,682	206,046
	7,059,666	8,623,324	136,682	206,046

(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 (2012: 30 days to 90 days).

(b) Other payables

In previous financial year, included in other payables was an amount of RM3,938,300 which represented the balance of purchase consideration of non-controlling interests.

(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 RM111,451,820 (2012: RM50,532,030) 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.

26. Deferred tax

	As at 1 April 2011 RM	Recognised in profit or loss RM	As at 31 March 2012 RM	Recognised in profit or loss RM	As at 31 March 2013 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	779,916	(135,736)	644,180	(34,184)	609,996
Deferred tax assets:					
Unabsorbed capital allowances	(281,321)	135,736	(145,585)	34,184	(111,401)
	498,595	-	498,595	-	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 2013 RM	Group 2012 RM
Unutilised tax losses	30,501,281	23,594,360
Unabsorbed capital and forest allowances	5,804,645	4,641,631
Property, plant and equipment	2,814,671	3,918,112
	39,120,597	32,154,103

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.

27. 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 2011	152,983,300	(12,166,000)	152,983,300	16,548,724	169,532,024	(8,925,009)
Purchase of treasury shares:						
- Consideration	-	(837,000)	-	-	-	(456,315)
- Transaction costs	-	-	-	-	-	(3,120)
At 31 March 2012 and 1 April 2012	152,983,300	(13,003,000)	152,983,300	16,548,724	169,532,024	(9,384,444)
Purchase of treasury shares:						
- Consideration	-	(5,000)	-	-	-	(2,000)
- Transaction costs	-	-	-	-	-	(43)
At 31 March 2013	152,983,300	(13,008,000)	152,983,300	16,548,724	169,532,024	(9,386,487)

	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013 RM	2012 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.

27. Share capital, share premium and treasury shares (continued)

(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 5,000 (2012: 837,000) 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 RM2,043 (2012: RM459,435) comprising consideration paid amounting to RM2,000 (2012: RM456,315) and transaction costs of RM43 (2012: RM3,120) 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.

28. Employees' share option scheme (ESOS)

The Company's ESOS for eligible directors and employees of the Company and its subsidiary companies was approved by the shareholders at the Extraordinary General Meeting held on 28 September 2011. The ESOS became effective on 14 February 2012 when the last of the requisite approvals was obtained and is valid for a period of five (5) years expiring on 13 February 2017.

The Company has yet to grant options under the ESOS to eligible directors and employees of the Company and its subsidiary companies at the reporting date.

29. Other reserves

	Asset revaluation reserve RM	Others RM	Total RM
Group			
At 1 April 2012	23,054,460	1,294,780	24,349,240
Arising from impairment of an associate	(23,054,460)	-	(23,054,460)
At 31 March 2013	-	1,294,780	1,294,780

30. Dividend

	Dividend in respect of Year		Dividend recognised in Year	
	2012	2011	2013	2012
	RM	RM	RM	RM
Recognised during the financial year:				
Final tax exempt dividend for 2011: 2% on 140,469,300 ordinary shares (netted off 12,514,000 treasury shares) (2 sen per ordinary share)	-	2,809,386	-	2,809,386

31. Related party transactions

(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:

	2013	2012
	RM	RM
Group		
Transactions with companies in which certain directors of the Company are also directors:		
Rental of premises from		
- Syarikat Kretam Sdn. Bhd.	99,000	120,000
- Wah Mie Realty Sdn. Bhd.	74,758	-
Sale of property, plant and equipment to Wah Mie Realty Sdn. Bhd.	5,000,000	-
Transactions with Offshore Construction & Engineering Sdn. Bhd., an associate's subsidiary		
Vessel chartering	-	17,574,464
Company		
Transaction with a subsidiary		
Tax exempt dividend from an unquoted subsidiary	19,207,662	2,400,958

31. Related party transactions (continued)

(b) Compensation of key management personnel

	2013 RM	2012 RM
Group		
Short-term employee benefits	4,367,805	5,840,491
Defined contribution plan	317,190	475,187
	4,684,995	6,315,678

32. 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	22
Trade and other payables	25
Borrowings (current and non-current)	24

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 borrowings 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.

33. 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 years, the Group's policy that no derivatives shall be undertaken.

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 defaults 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 RM111,451,820 (2012: RM50,532,030) relating to corporate guarantees provided by the Company to banks on certain subsdiaries' banking facilities.

33. Financial risk management objectives and policies (continued)

a) Credit risk (continued)

Credit risk concentration profile

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			
	2013		2012	
	RM	% of total	RM	% of total
By industry sectors:				
Timber processing	6,204,757	92%	4,294,895	92%
Oil and gas	508,667	8%	382,481	8%
	6,713,424	100%	4,677,376	100%

At the reporting date, 37 % (2012: 71 %) of the Group's trade receivables were due from four (2012: three) customers located in Malaysia.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks 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 22.

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 62% (2012: 47%) of the Group's borrowings (Note 24) will mature in less than one year based on the carrying amount reflected in the financial statements.

33. Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Total RM
Group			
2013			
Financial liabilities:			
Trade and other payables	7,059,666	-	7,059,666
Borrowings	25,657,815	15,775,182	41,432,997
Total undiscounted financial liabilities	32,717,481	15,775,182	48,492,663
2012			
Financial liabilities:			
Trade and other payables	8,623,324	-	8,623,324
Borrowings	22,325,305	25,484,382	47,809,687
Total undiscounted financial liabilities	30,948,629	25,484,382	56,433,011

	On demand or within one year 2013 RM	2012 RM
Company		
Financial liabilities:		
Other payables, excluding financial guarantees *	136,682	206,046
Total undiscounted financial liabilities	136,682	206,046

* 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 MFRS 139 are not included in the above maturity profile analysis.

33. Financial risk management objectives and policies (continued)

c) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

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 RM185,000 (2012: RM265,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in percentage for interest rate sensitivity analysis is based on the currently observable market environment.

d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currency of the Group entities. The foreign currency in which these transactions are denominated is mainly United States Dollars.

34. 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 2013 and 31 March 2012.

34. Capital management (continued)

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	**2013 RM**	**2012 RM**	**2013 RM**	**2012 RM**
Borrowings	24	41,432,997	47,809,687	-	-
Trade and other payables	25	7,059,666	8,623,324	136,682	206,046
Less: Cash and bank balances	23	(6,229,348)	(10,542,440)	(111,421)	(49,387)
Net debt		42,263,315	45,890,571	25,261	156,659
Equity attributable to the owners of the Company		87,752,042	101,196,463	135,024,946	174,471,722
Total capital		87,752,042	101,196,463	135,024,946	174,471,722
Capital and net debt		130,015,357	147,087,034	135,050,207	174,628,381
Gearing ratio		33%	31%	0.02%	0.1%

35. 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 have 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.

35. 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 2013	Timber processing RM	Oil and Gas RM	Investment holding RM	Others RM	Adjustments/ Elimination RM	Notes	Consolidated RM
Revenue:							
External customers	84,006,525	12,092,718	-	-	-		96,099,243
Inter-segment	-	-	19,207,662	1,685,367	(20,893,029)	A	-
Total revenue	84,006,525	12,092,718	19,207,662	1,685,367	(20,893,029)		96,099,243
Results:							
Interest income	28,331	-	-	13,042	-		41,373
Depreciation and amortisation	2,198,638	3,103,056	-	263,152	(32,679)		5,532,167
Impairment loss on amounts due from subsidiaries	-	-	58,227,750	-	(58,227,750)		-
Finance costs	76,974	2,556,896	-	-	-		2,633,870
Other non-cash expenses	48,890	(176,155)	-	-	-	B	(127,265)
Segment loss	(8,968,236)	(3,452,688)	(39,448,456)	(605,723)	39,052,767	C	(13,422,336)
Assets:							
Additions to non-current assets	49,626	-	-	2,488	-	D	52,114
Segment assets	52,500,282	82,887,473	139,966	1,083,014	132,565	E	136,743,300
Segment liabilities	21,283,375	26,994,612	137,682	76,994	498,595	F	48,991,258

35. 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 2012							
Revenue:							
External customers	83,766,572	22,181,977	-	-	-		105,948,549
Inter-segment	-	-	2,400,958	1,080,000	(3,480,958)	A	-
Total revenue	83,766,572	22,181,977	2,400,958	1,080,000	(3,480,958)		105,948,549
Results:							
Interest income	270,776	-	4,903	152,515	-		428,194
Depreciation and amortisation	2,625,715	4,393,151	-	451,511	(68,000)		7,402,377
Impairment loss on:							
- Investment in a subsidiary	-	-	100,000	-	(100,000)	-	-
- Trade receivables	-	9,823,835	-	-	-		9,823,835
- Vessel	-	57,617,831	-	-	-		57,617,831
Finance costs	-	3,709,825	-	-	-		3,709,825
Other non-cash expenses	(3,768)	(534,996)	-	-	-	B	(538,764)
Segment (loss)/profit	(958,242)	(54,876,911)	1,324,842	(1,735,101)	(2,300,958)	C	(58,546,370)
Assets:							
Additions to non-current assets	33,460	-	-	158,712	-	D	192,172
Segment assets	61,921,198	89,331,263	206,549	6,518,333	150,726	E	158,128,069
Segment liabilities	9,347,161	42,636,657	4,268,346	180,847	498,595	F	56,931,606

35. 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:

	2013 RM	2012 RM
Net unrealised foreign exchange loss	(127,265)	(538,764)

C The following items are added to/(deducted from) segment profit/(loss) to arrive at "(Loss)/profit before tax" presented in the statements of comprehensive income:

	2013 RM	2012 RM
Inter-segment transactions	39,052,767	(2,300,958)

D Additions to non-current assets consist of:

Property, plant and equipment	52,114	192,172

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

	2013 RM	2012 RM
Inter-segment assets	(18,485)	(51,164)
Tax refundable	151,050	201,890
	132,565	150,726

F The following item is added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2013 RM	2012 RM
Deferred tax liabilities	498,595	498,595

35. Segmental information (continued)

Geographical information

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

	Revenue		Non-current assets	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Malaysia	12,092,718	22,181,977	105,134,575	115,372,008
North Asia	84,006,525	83,766,572	-	-
	96,099,243	105,948,549	105,134,575	115,372,008

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

	2013	**2012**
	RM	**RM**
Property, plant and equipment	105,009,575	115,247,008
Investment securities	125,000	125,000
	105,134,575	115,372,008

Information about major customers

Revenue from three (2012: four) major customers amount to RM78,302,830 (2012: RM101,341,035) arising from sale of plywood by the timber processing segment.

36. Subsequent event

On 4 April 2013, the Company via its wholly-owned subsidiary, Offshore Constructor (Labuan) Ltd. entered into a conditional Memorandum of Agreement (MOA) with National Marine Dredging Company, a public company incorporated in the Emirates of Abu Dhabi and listed on the Abu Dhabi Securities Exchange, for the proposed disposal of its vessel, Offshore Safeena for a total cash consideration of USD29,275,000 (Proposed Disposal).

The Proposed Disposal has been approved by shareholders of the Company at an extraordinary general meeting convened on 16 July 2013 and is now pending completion pursuant to the terms stipulated in the MOA.

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2013 were authorised for issue in accordance with a resolution of the directors on 26 July 2013.

38. Supplementary information – breakdown of (accumulated losses)/retained earnings into realised and unrealised

The breakdown of the (accumulated losses)/retained earnings of the Group and of the Company as at 31 March 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		**Company**	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Total (accumulated losses)/ retained earnings of the Company and its subsidiaries				
- Realised	(17,537,635)	(6,046,962)	33,107,159	14,424,142
- Unrealised	2,697,311	4,781,700	(58,227,750)	(100,000)
	(14,840,324)	(1,265,262)	(25,120,591)	14,324,142
Total share of loss from associate				
- Realised	(39,296,554)	(39,296,554)	-	-
Less: Consolidation adjustments	(19,551,397)	(42,738,541)	-	-
(Accumulated losses)/Retained earnings as per financial statements	(73,688,275)	(83,300,357)	(25,120,591)	14,324,142