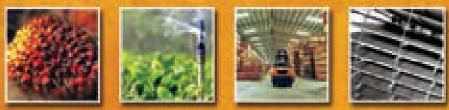


Chairman's Statement (contd.)

PROSPECTS

While there are uncertainties on the world economy, the market outlook for timber industry is expected to be positive, with strong GDP growth in India and China and the robust demand for timber in these countries. The anticipated higher demand for wood materials from Japan to meet its post-earthquake and tsunami reconstruction activities will sustain the prices of timber products. The Group will continue to rationalise its operations in an integrated and sustainable manner. It also strives to optimise the utilisation of resources, contain cost across the board and subscribe to risk management. In view of the positive outlook of the timber market and the expected increase in profit contribution from our oil palm division, the Board is confident that the Group has the resilience to scale greater height as the Group is well equipped to face the challenges ahead.

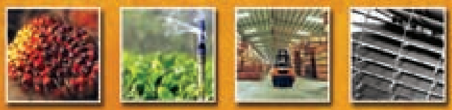
DIVIDENDS

The Group is committed to enhancing shareholder value by consistently delivering rewards to our loyal shareholders. The Board of Directors recommended a first and final dividend of 5% per share, less income tax, in respect of the financial year ended 31 July 2011, for approval by shareholders at the forthcoming Annual General Meeting.

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to my fellow Board members for their invaluable support and contribution. I am also very grateful to the resilient and resourceful Managing Director, Dato' Tiong Ing, the management team and the employees of the Group for their commendable loyalty, dedication and commitment. I would also like to convey our gratitude to our valued customers, suppliers, financial institutions, business associates, various regulatory bodies and last but not least, our valued shareholders, for their unfaltering support and confidence. I look forward to your continued support to witness another milestone of growth for the Group.

Datuk Patinggi Tan Sri Dr. Wong Soon Kai
Chairman



Corporate Social Responsibility

The Management of Subur Tiasa Holdings Berhad ("Subur Tiasa") acknowledges the importance of cordial relationship between the Corporation and the Stakeholders and realizes that such relationship must be kept in mind by top managers as the Corporation pursues its goals. The tone at-the-top is in fact crucial to ensure success, buy-in and commitment of employees at all levels of organization, and this is demonstrated through active support and implementation of Corporate Social Responsibility ("CSR") agendas by all staff especially Sports & Recreation Club of Subur Tiasa.

Subur Tiasa has incorporated the CSR strategy directly into its corporate goals and objectives. It contains compliance with the ethical standards, enhancement of socio-economic welfare, and utilization of resources for broad social ends. In fact, the footprint of CSR thoughts is embedded in Subur Tiasa's name itself:

S: Social consciousness towards welfare and advancement of the **COMMUNITY**
U: Upkeep and protection of the **ENVIRONMENT**
B: Balanced distribution of work and leisure at the **WORKPLACE**
U: Unceasing devotion and efforts towards growth and development of the **EMPLOYEES**
R: Recognized standard of products in the global **MARKETPLACE**

Social consciousness towards welfare and advancement of the COMMUNITY

Taking care of the welfare and advancement of the local community is part and parcel of Subur Tiasa's corporate philosophy. Indeed, it is the Group's long term and sustainable effort to create positive contribution towards the society. It aims to improve the quality of lives of the locals and provide opportunities for the underprivileged.

Subur Tiasa translates its care to the society into action through sponsorship for activities held by local authorities, educational institutions and religious bodies; sponsorship of kindergarten and adoption of school; donation for long house repair works and assisting in transporting the materials to destinations; donation to charitable bodies and for the enhancement or transformation of housing areas; road and bridge construction and maintenance in logging divisions; improvement of telecommunication services through implementation of Nano system at rural areas; promotion of employee volunteerism in visits to Children's Home, Old Folk's Home, General Hospital, as well as support of blood donation campaign; recruitment of local people in economic activities to enhance their living standards, survival skills, work related skills and etc.

Agape Food Fair

Corporate Social Responsibility (contd.)

Methodist Children's Home

Upkeep and protection of the ENVIRONMENT

Sustainable management of natural resources in terms of usage, allocation and protection are vital part of Subur Tiasa's corporate philosophy and key business policy.

Subur Tiasa takes active measures to reduce greenhouse gas emissions and electricity consumption through construction of Biomass Cogeneration Power Plant. The Plant runs exclusively on wood waste generated from the mills that would otherwise be discarded. It is capable of generating electricity needed for both plywood and particleboard mills.

Since 2003, Subur Tiasa initiated sustainable forest management through its re-planting activities to ensure continuous supply of raw material. To minimize damage to the forest and its ecosystem during harvesting, Reduced Impact Logging ("RIL") is adopted in the logging division. Also, the Group adopted 'Baka', an Orang Utan, for 3 years under Orang Utan Adoption Program. The Program is initiated by Sarawak Forestry Corporation as a move towards wildlife conservation.

Balanced distribution of work and leisure at the WORKPLACE

The work-leisure equilibrium is needed for employees to lead a balanced lifestyle. The Group strives to ensure that the relationships, work, emotional well-being, fitness and health of all employees are well taken care of.

This is reflected in the Group's effort in encouraging active participation of staff in inter-group bowling competition, basketball competition, singing contest, quiz contest, sports and telematch, hash run, and other sports and recreational activities. Annual dinners and gatherings during festive seasons had been organized to enhance the rapport and relationship of all staffs within Subur Tiasa Group of Companies.

Unceasing devotion and efforts toward growth and development of the EMPLOYEES

Trainings and developments help employees in expanding their knowledge, skills, experiences, competencies and abilities. This has contributed to the organization through increased employee motivation and job satisfaction, enhanced organizational effectiveness and improved work quality. At the same time, it assists in attracting and retaining top-quality employees.

Corporate Social Responsibility (contd.)

During the year, over 900 internal courses and 60 external trainings are conducted. By providing opportunities for growth and development, Subur Tiasa has improved the quality of their employees' work experience and realized the benefits of developing workers to their full potential.

The employment policies and practices are set in an equitable manner where all people have fair opportunity to be employed, rewarded, or promoted. The Group consistently reviews its compensation structure against marketplace and industry standards in order to provide its employees with fair and competitive remuneration packages. It enforces strict compliances with safety procedures in accordance with Occupational Safety and Health Act ("OSHA") and Factories and Machinery Act 1967 to promote incident-free work environment.

Sibu Benevolent Society

Recognized standard of products in the global MARKETPLACE

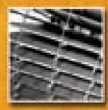
Subur Tiasa recognizes that high quality products are of utmost importance for the organization to be distinctive in the highly competitive marketplace. In fact, it upholds to DRIFT ("Do it Right the First Time"), whereby the Management requires the production process to be done correctly and efficiently so there are no delays in the process.

Therefore, Subur Tiasa perceives the selection and maintenance of a competent group of suppliers as an important purchasing decision. Criteria such as pricing, quality, safety, delivery, service, social responsibility, convenience, flexibility, availability, and etc are taken into consideration during selection process. All commercial dealings with contractors and suppliers are conducted with sincerity and transparency.

Honesty and Integrity are the values that Subur Tiasa instills in the marketing team. The team is committed to ensuring clients' requirements are fulfilled, needs are prioritized and suggestions are clearly addressed.

In order to deliver superior quality products and to comply with product safety standards, the Group regularly reviews the quality of products and continually enhances the production process. During these years, its products have achieved *CE Marking, Japanese Agricultural Standards (JAS) Certification, Japan Ministry Certification, California Air Resources Board (CARB) Certification and ISO9001:2008 and Wood Packaging Material Treatment Providers Certification.*

In conclusion, Corporate Social Responsibility (CSR) has emerged as a normal facet of business within Subur Tiasa Group of Companies. As the Group integrates CSR concepts into its operations and decision making, Subur Tiasa acknowledges that the growing emphasis of CSR within the Group had indeed contributed to its brand enhancement, better staff morale, ethical staff behavior, good corporate governance and transparency in corporate dealings.



Awards & Recognitions

AWARDS

SUBUR TIASA HOLDINGS BERHAD

- 2ND MALAYSIA INDEPENDENCE AWARD 2010 - MALAYSIA'S TRUSTED COMPANY AND MALAYSIA'S A-CLASS COMPANY
- INTERNATIONAL DIAMOND STAR FOR QUALITY AWARD (GENEVA 2010)
- WORLD QUALITY COMMITMENT (WQC) INTERNATIONAL GOLD STAR FOR QUALITY AWARD (PARIS 2007)
- BUSINESS SUMMIT AWARD 2007

SUBUR TIASA PLYWOOD SDN. BHD.

- QUALITY SUMMIT PLATINUM AWARD FOR EXCELLENCE & BUSINESS PRESTIGE (NEW YORK 2009)
- WORLD QUALITY COMMITMENT (WQC) INTERNATIONAL GOLD STAR FOR QUALITY AWARD (PARIS 2008)
- PLATINUM TECHNOLOGY AWARD FOR QUALITY & BEST TRADE NAME (ROME 2008)

SUBUR TIASA PARTICLEBOARD SDN. BHD.

- PRODUCT EXCELLENCE AWARD IN INDUSTRY EXCELLENCE AWARDS 2009
- THE MAJESTIC FIVE CONTINENTS AWARD FOR QUALITY & EXCELLENCE (GENEVA 2008)
- DIAMOND EYE AWARD 2007 FOR QUALITY COMMITMENT & EXCELLENCE
- THE TOP QUALITY CUSTOMER SATISFACTION APTITUDE SEAL FOR HIGH QUALITY PERFORMANCE & BEST CUSTOMER SATISFACTION 2007
- 32ND INTERNATIONAL AWARD FOR THE BEST TRADE NAME 2007 (NEW MILLENNIUM AWARD)

RECOGNITIONS

SUBUR TIASA PLYWOOD SDN. BHD.

- CE MARKING SYSTEM CERTIFICATION
- JAPANESE AGRICULTURAL STANDARDS (JAS) CERTIFICATION
- CALIFORNIA AIR RESOURCES BOARD (CARB) CERTIFICATION
- ISO9001: 2008 CERTIFICATION
- WOOD PACKAGING MATERIAL TREATMENT PROVIDERS CERTIFICATION

SUBUR TIASA PARTICLEBOARD SDN. BHD.

- JAPAN MINISTRY CERTIFICATION
- CALIFORNIA AIR RESOURCES BOARD (CARB) CERTIFICATION
- ISO9001: 2008 CERTIFICATION

AWARDS & RECOGNITIONS

Financial Statements

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2011.

Principal Activities

The principal activities of the Company are investment holding, extraction and sale of logs, manufacturing and sale of sawn timber. The principal activities of the subsidiaries are set out in Note 15 of the financial statements.

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

Results

	Group RM	Company RM
Profit net of tax, attributable to owners of the parent	34,424,978	40,575,354
	=========	=========

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement which has resulted in an increase in the Group's and decrease in the Company's profit net of tax by RM499,653 and RM1,672,420 respectively as disclosed in Note 2.2 to the financial statements.

Dividends

The amount of dividends paid by the Company since 31 July 2010 were as follows:

	RM
In respect of the financial year ended 31 July 2010 as reported in the directors' report of that year:	
First and final dividend of 4% per share, less 25% taxation on 188,184,600 ordinary shares, declared on 18 November 2010 and paid on 15 March 2011	5,645,538
	========

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 July 2011, of 5% less 25% taxation (3.75 sen net per ordinary shares), will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2012.

Directors

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

YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai
YBhg. Datuk William Lau Kung Hui
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh
YBhg. Dato' Tiong Ing
Tiong Kiong King
Ngu Ying Ping

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.

Directors' Benefits (contd.)

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 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 28(a) 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 and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1.8.2010	**Bought**	**Sold**	**31.7.2011**
Direct Interest:				
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	10,500	-	-	10,500
YBhg. Datuk William Lau Kung Hui	10,500	-	-	10,500
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	312,795	-	-	312,795
YBhg. Dato' Tiong Ing	1,585,813	19,300	-	1,605,113
Tiong Kiong King	1,282,643	-	-	1,282,643
Indirect Interest:				
YBhg. Dato' Tiong Ing	537,075	10,000	183,000	364,075
Ngu Ying Ping	21,000	-	-	21,000

Treasury Shares

During the financial year, the Company repurchased 30,900 of its issued ordinary shares from the open market at an average price of RM2.36 per share. The total consideration paid for the repurchase including transaction costs was RM73,623. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 July 2011, the Company held as treasury shares a total of 20,830,400 of its 209,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM55,061,785 and further relevant details are disclosed in Note 25 to the financial statements.

Other Statutory Information

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

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off 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) the amount written off for 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 (contd.)

(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) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

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

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

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 14 November 2011.

Dato' Tiong Ing **Tiong Kiong King**

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

We, **Dato' Tiong Ing** and **Tiong Kiong King**, being two of the directors of **Subur Tiasa Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 44 to 110 are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards 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 July 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 34 to the financial statements have been presented in accordance with directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 November 2011.

Dato' Tiong Ing

Tiong Kiong King

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

I, **Ling Chieh Min**, being the officer primarily responsible for the financial management of **Subur Tiasa Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 44 to 111 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 **Ling Chieh Min**
at Sibu in the State of Sarawak
on 14 November 2011.

Ling Chieh Min

Before me,

Belinda Hii Tai King
Commissioner for Oaths (Q 64)
Sibu, Sarawak
Malaysia

Independent Auditors' Report
to the Members of Subur Tiasa Holdings Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **Subur Tiasa Holdings Berhad**, which comprise the statements of financial position as at 31 July 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 110.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2011 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Other matters

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.

The supplementary information set out in Note 34 on page 111 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YONG NYET YUN
2708/04/12 (J)
Chartered Accountant

Kuching, Malaysia
Date: 14 November 2011

Statements of Comprehensive Income
For the financial year ended 31 July 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	627,844,256	679,853,095	358,719,652	448,042,148
Cost of sales		(484,476,828)	(523,997,138)	(235,578,511)	(325,501,811)
Gross Profit		143,367,428	155,855,957	123,141,141	122,540,337
Other item of income					
Other income		13,275,596	7,529,580	15,675,424	4,387,649
Other items of expense					
Administrative expenses		(42,782,191)	(40,243,896)	(48,742,797)	(42,420,353)
Selling and distribution expenses		(50,101,156)	(57,399,119)	(24,842,035)	(34,397,500)
Other expenses		(11,282,554)	(15,344,007)	(10,150,065)	(13,723,276)
Finance cost	5	(4,340,085)	(4,066,180)	(1,212,754)	(2,323,263)
Profit before tax	6	48,137,038	46,332,335	53,868,914	34,063,594
Income tax expense	9	(13,712,060)	(16,331,244)	(13,293,560)	(8,423,181)
Profit after tax, representing total comprehensive income for the year attributable to owners of the parent		34,424,978	30,001,091	40,575,354	25,640,413
Earnings per share attributable to owners of the parent (sen per share)					
Basic	10	18.3	15.9		
Diluted	10	N/A	N/A		

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

Statements of Financial Position
As at 31 July 2011

	Note	Group 2011 RM	Group 2010 (restated) RM	Group As at 1.8.2009 (restated) RM	Company 2011 RM	Company 2010 RM
ASSETS						
Non-current assets						
Property, plant and equipment	12	498,701,299	483,914,100	482,237,986	151,900,918	160,435,606
Prepaid land lease payments	13	36,106,245	37,192,403	34,156,471	2,052,587	2,104,772
Investment properties	14	15,875,866	16,734,136	17,577,538	-	-
Investment in subsidiaries	15	-	-	-	284,138,566	291,280,372
Intangible assets	16	50,576,943	62,241,533	55,526,384	29,891,900	37,927,556
Long term assets	17	11,272,948	19,552,874	21,461,234	11,272,948	19,552,874
Deferred tax assets	27	11,338,000	12,869,000	14,206,000	-	-
		623,871,301	632,504,046	625,165,613	479,256,919	511,301,180
Current Assets						
Inventories	18	145,047,769	153,911,553	118,879,407	17,710,936	21,973,710
Trade and other receivables	19	48,388,272	52,507,451	63,325,127	119,995,209	85,544,549
Derivative financial instruments	20	601,972	-	-	525,085	-
Other current assets	21	4,575,366	4,287,685	4,260,389	168,752	261,112
Cash and bank balances	22	89,732,653	50,089,539	69,461,962	29,996,381	9,787,575
		288,346,032	260,796,228	255,926,885	168,396,363	117,566,946
TOTAL ASSETS		912,217,333	893,300,274	881,092,498	647,653,282	628,868,126
		==========	==========	==========	==========	==========
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	25	209,000,000	209,000,000	209,000,000	209,000,000	209,000,000
Share premium	25	59,679,744	59,679,744	59,679,744	59,679,744	59,679,744
Treasury shares	25	(55,061,785)	(54,988,162)	(54,554,623)	(55,061,785)	(54,988,162)
Retained earnings	26	414,879,577	392,051,107	367,696,241	324,257,585	299,165,522
Total Equity		628,497,536	605,742,689	581,821,362	537,875,544	512,857,104

Statements of Financial Position
As at 31 July 2011 (contd.)

	Note	Group 2011 RM	Group 2010 (restated) RM	Group As at 1.8.2009 (restated) RM	Company 2011 RM	Company 2010 RM
LIABILITIES						
Non-Current Liabilities						
Loans and borrowings	23	98,593,407	78,697,403	96,144,229	17,143,328	11,790,842
Deferred tax liabilities	27	26,795,890	30,651,355	19,410,306	7,195,000	8,699,000
		125,389,297	109,348,758	115,554,535	24,338,328	20,489,842
Current Liabilities						
Loans and borrowings	23	41,988,917	56,248,476	66,613,028	17,008,714	19,564,688
Trade and other payables	24	113,723,247	120,804,923	114,316,958	66,540,196	75,755,202
Income tax payable		2,618,336	1,155,428	2,786,615	1,890,500	201,290
		158,330,500	178,208,827	183,716,601	85,439,410	95,521,180
Total Liabilities		283,719,797	287,557,585	299,271,136	109,777,738	116,011,022
TOTAL EQUITY AND LIABILITIES		912,217,333	893,300,274	881,092,498	647,653,282	628,868,126

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 July 2011

		Equity attributable to owners of the parent				
		Non-distributable			Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Retained Earnings RM	Total RM
Opening balance at 1 August 2010		209,000,000	59,679,744	(54,988,162)	392,051,107	605,742,689
Effects of adopting FRS 139		-	-	-	(5,950,970)	(5,950,970)
		209,000,000	59,679,744	(54,988,162)	386,100,137	599,791,719
Total comprehensive income for the year		-	-	-	34,424,978	34,424,978
Dividends on ordinary shares	11	-	-	-	(5,645,538)	(5,645,538)
Purchase of treasury shares		-	-	(73,623)	-	(73,623)
Closing balance at 31 July 2011		209,000,000	59,679,744	(55,061,785)	414,879,577	628,497,536
Opening balance at 1 August 2009		209,000,000	59,679,744	(54,554,623)	367,696,241	581,821,362
Total comprehensive income for the year		-	-	-	30,001,091	30,001,091
Dividends on ordinary shares	11	-	-	-	(5,646,225)	(5,646,225)
Purchase of treasury shares		-	-	(433,539)	-	(433,539)
Closing balance at 31 July 2010		209,000,000	59,679,744	(54,988,162)	392,051,107	605,742,689

Company Statement of Changes in Equity
For the financial year ended 31 July 2011 (contd.)

		Equity attributable to owners of the parent				
		Non-distributable			Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Retained Earnings RM	Total RM
Opening balance at 1 August 2010		209,000,000	59,679,744	(54,988,162)	299,165,522	512,857,104
Effects of adopting FRS 139		-	-	-	(9,837,753)	(9,837,753)
		209,000,000	59,679,744	(54,988,162)	289,327,769	503,019,351
Total comprehensive income for the year		-	-	-	40,575,354	40,575,354
Dividends on ordinary shares	11	-	-	-	(5,645,538)	(5,645,538)
Purchase of treasury shares		-	-	(73,623)	-	(73,623)
Closing balance at 31 July 2011		209,000,000	59,679,744	(55,061,785)	324,257,585	537,875,544
		==========	==========	==========	==========	==========
Opening balance at 1 August 2009		209,000,000	59,679,744	(54,554,623)	279,171,334	493,296,455
Total comprehensive income for the year		-	-	-	25,640,413	25,640,413
Dividends on ordinary shares	11	-	-	-	(5,646,225)	(5,646,225)
Purchase of treasury shares		-	-	(433,539)	-	(433,539)
Closing balance at 31 July 2010		209,000,000	59,679,744	(54,988,162)	299,165,522	512,857,104
		==========	==========	==========	==========	==========

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 July 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Operating activities					
Profit before tax		48,137,038	46,332,335	53,868,914	34,063,594
Adjustments for:					
Accretion of interest on long term receivables	6	(799,260)	-	(799,260)	-
Amortisation of intangible assets	6	11,664,590	15,975,088	8,035,656	13,723,276
Amortisation of prepaid land lease payments	6	1,085,490	1,121,896	52,185	52,184
Depreciation of property, plant and equipment	6	53,830,310	54,124,319	25,194,329	27,813,805
Depreciation of investment properties	6	858,270	873,542	-	-
Fair value gain on derivatives financial instruments	6	(601,972)	-	(525,085)	-
Gain on disposal of property, plant and equipment	6	(652,307)	(122,616)	(563,904)	(108,423)
Impairment of property, plant and equipment	6	2,791,301	157,260	1,497,790	-
Impairment of investment to subsidiary	6	-	-	13,242,000	4,399,999
Impairment loss on financial assets – trade and other receivables	6	738,897	73,199	2,849,438	4,046,105
Inventory written down	6	245,592	-	-	-
Property, plant and equipment written off	6	135,540	61,320	4,366	-
Reversal of inventory write down	6	-	(1,703,526)	-	-
Unrealised foreign exchange (gain)/loss	6	(458,480)	(64,582)	(369,201)	(55,386)
Written off of advance	6	-	500,000	-	-
Interest expense	5	4,340,085	4,066,180	1,212,754	2,323,263
Interest income	6	(1,335,538)	(484,482)	(2,249,252)	(903,638)
Operating cash flows before changes in working capital		119,979,556	120,909,933	101,450,730	85,354,779
Changes in working capital:					
Decrease/(increase) in inventories		8,618,192	(33,324,846)	4,262,774	6,470,361
Decrease/(increase) in trade and other receivables		4,483,564	15,111,843	(41,793,966)	(14,073,229)
(Increase)/decrease in other current assets		(128,970)	(357,130)	92,360	(177,569)
(Decrease)/increase in trade and other payables		(8,450,727)	5,150,093	(6,725,174)	15,399,627
Cash flows from operations		124,501,615	107,489,893	57,286,724	92,973,969
Interest paid		(2,861,019)	(6,230,168)	(1,212,754)	(2,323,263)
Taxes paid, net of refund		(12,821,641)	(10,828,717)	(9,624,689)	(9,313,326)
Net cash flows from operating activities		108,818,955	90,431,008	46,449,281	81,337,380

Statements of Cash Flows
For the financial year ended 31 July 2011 (contd.)

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Investing activities					
Purchase of treasury shares	25	(73,623)	(433,539)	(73,623)	(433,539)
Addition of investment in subsidiaries		-	(17,527,170)	(6,100,194)	(17,529,250)
Purchase of investment properties	14	-	(30,140)	-	-
Purchase of property, plant and equipment		(45,217,474)	(53,968,604)	(6,035,656)	(13,485,668)
Addition of prepaid land lease payments	13	-	(3,951,915)	-	-
Proceeds from disposal of property, plant and equipment		2,086,231	803,058	4,065,764	809,423
Interest received		1,335,538	484,482	380,260	361,915
Net cash flows used in investing activities		(41,869,328)	(74,623,828)	(7,763,449)	(30,277,119)
Financing activities					
Repayment of revolving credit		(1,000,000)	(15,000,000)	-	(15,000,000)
Repayment of bankers' acceptances		(15,558,000)	(56,562,561)	-	-
Proceed from bankers' acceptances		-	72,120,561	-	-
Proceeds from drawdown of term loan		22,084,353	6,379,830	-	-
Repayment of hire purchase liabilities		(17,452,682)	(27,684,282)	(7,822,518)	(27,684,282)
Repayment of term loan		(9,734,646)	(8,786,926)	(5,008,970)	(5,008,970)
Dividends paid		(5,645,538)	(5,646,225)	(5,645,538)	(5,646,225)
Net cash flows used in financing activities		(27,306,513)	(35,179,603)	(18,477,026)	(53,339,477)
Net increase/(decrease) in cash and cash equivalents		39,643,114	(19,372,423)	20,208,806	(2,279,216)
Cash and cash equivalents at 1 August		50,089,539	69,461,962	9,787,575	12,066,791
Cash and cash equivalents at 31 July		89,732,653	50,089,539	29,996,381	9,787,575

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

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities. The registered office of the Company is located at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C. D. T. 123, 96000 Sibu, Sarawak, Malaysia.

The principal activities of the Company are investment holding, extraction and sale of logs, manufacturing and sale of sawn timber. The principal activities of the subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 November 2011.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 August 2010 as described fully in Note 2.2.

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

The financial statements are presented in Ringgit Malaysia (RM) which is also the functional currency of the Group and the Company.

2.2 Changes in accounting policies

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

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

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combinations (revised)
- FRS 7 Financial Instruments: Disclosures
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 2 Share-based Payment
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 132 Classification of Rights Issues
- Amendments to FRS 138 Intangible Assets
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners

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

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

<u>FRS 7 Financial Instruments: Disclosures</u>

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

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

<u>FRS 101 Presentation of Financial Statements (Revised)</u>

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

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

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

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

<u>FRS 139 Financial Instruments: Recognition and Measurement</u>

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 August 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 August 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade receivables
  Prior to 1 August 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 August 2010, the Group and the Company have remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 139 Financial Instruments: Recognition and Measurement (contd.)

- Financial guarantee contracts
During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 August 2010, the guarantees were accounted for and disclosed as contingent liabilities in the financial statements of the Company.

  Upon the adoption of FRS 139, such guarantees are to be recognised initially at fair value. As at the date of first adoption of FRS 139, all unexpired financial guarantees issued were not recognised as no value has been placed on the guarantees provided by the Company as the directors regard the value of the credit enhancement provided by the said guarantees to be minimal. This is because the bank loans and other banking facilities granted under the guarantees are fully collateralised by fixed and floating charges over the properties, plant and equipment and other assets of the subsidiaries.

- Non-hedging derivatives
Prior to 1 August 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group and the Company are recognised at their fair values and are classified as financial assets at fair value through profit or loss. As at 1 August 2010, there are no derivative financial instruments.

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

	Increase/(decrease)	
	As at 31 July 2011	**As at 1 August 2010**
	RM	RM
Statements of financial position		
Group		
Long term receivables	64,232	(7,934,644)
Retained earnings	499,653	(5,950,983)
Deferred tax liabilities	166,551	(1,983,661)
Derivative financial instruments	601,972	-
Company		
Long term receivables	64,232	(7,934,644)
Trade and other receivables	-	(3,886,770)
Retained earnings	441,988	(9,837,753)
Derivative financial instruments	525,085	-
Deferred tax liabilities	147,329	(1,983,661)

	Increase/(decrease)	
	Group 2011	**Company 2011**
	RM	RM
Statements of comprehensive income		
Interest income	799,260	799,260
Other income	601,972	525,085
Other expenses	735,028	2,849,436
Profit before tax	666,204	(1,525,091)
Income tax expense	(166,551)	(147,329)
Profit net of tax	499,653	(1,672,420)

2. **Summary of significant accounting policies (contd.)**

2.2 Changes in accounting policies (contd.)

FRS 139 Financial Instruments: Recognition and Measurement (contd.)

	Increase/(decrease) Group 2011 Sen per share
Earnings per share:	
Basic	0.27
	==========

Amendments to FRS 117 Leases

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

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in the Group's unexpired land leases to be reclassified as finance leases. The Group have applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the statements of financial position as at 31 July 2010 arising from the above change in accounting policy:

The following comparatives have been restated:

	As previously stated RM	Adjustments RM	As restated RM
Consolidated statement of financial position			
At 31 July 2010			
Property, plant and equipment	463,160,730	20,753,370	483,914,100
Prepaid land lease payments	57,945,773	(20,753,370)	37,192,403
	==========	==========	==========
At 1 August 2009			
Property, plant and equipment	461,105,857	21,132,129	482,237,986
Prepaid land lease payments	55,288,600	(21,132,129)	34,156,471
	==========	==========	==========

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 3 Business Combinations (revised)

The revised FRS 3 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in resulting for the adoption of the revised FRS 3 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects, for each acquisition of a business, whether to measure non-controlling interest (previously described as minority interests) at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquire are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 3 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 August 2010 are not adjusted.

FRS 127 Consolidated and Separate Financial Statements (Revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 127 includes:

- A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss.
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provision, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 August 2010. The change will affect future transactions with non-controlling interest.

2.3 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRS and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group, which are:

Effective for financial periods beginning on or after 1 January 2011

- Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1 Additional Exemptions for First-time Adopters
- Amendments to FRS 2 Group Cash-settled Share-Based Payment Transactions
- Amendments to FRS 7 Improving Disclosures about Financial Instruments
- Amendments to FRS 'Improvements to FRS (2010)'
- IC Interpretation 4 Determining Whether An Arrangement Contains a Lease
- IC Interpretation 18 Transfers of Assets from Customers
- TR i-4: Shariah Compliant Sale Contracts

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

Effective for financial periods beginning on or after 1 July 2011

- Amendments to IC interpretation 14 Prepayments of a Minimum Funding Requirement
- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012

- FRS 124 Related Party Disclosures
- IC Interpretation 15 Agreements for the Construction of Real Estate

Except for the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

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

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identified assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.9. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

2.5 Transactions with non-controlling interest

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.

2. Summary of significant accounting policies (contd.)

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

2.7 Property, Plant and Equipment, and Depreciation

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

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

2. **Summary of significant accounting policies (contd.)**

2.7 Property, Plant and Equipment, and Depreciation (contd.)

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

Buildings	2% - 10%
Watercrafts, tractors, trucks and motor vehicles	10% - 25%
Plant and machinery	7.5% - 20%
Infrastructure facilities	5% - 10%
Furniture, fittings and equipment	5% - 20%
Computer hardware	10% - 20%

New planting expenditure incurred on land clearing, planting, upkeep of immature oil palms, direct administrative expenses and financing costs up to maturity are capitalised under plantation development expenditure and is amortised on a straight-line basis over 25 years, the expected useful life of oil palms. Oil palm is considered mature 36 months after the month of planting. Upon maturity, all subsequent maintenance expenditure is charged to the statement of comprehensive income.

Replanting expenditure is also capitalised as oil palm development expenditure and amortised on the same basis.

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

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

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

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

2.8 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially recorded at cost, including transaction costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Leasehold lands are depreciated over the period of the leases which range from 5 years to 908 years.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of investment properties.

An item of investment properties is derecognised upon disposal or when no future economic benefits are expected from its use of disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit and loss.

2. **Summary of significant accounting policies (contd.)**

2.9 Intangible assets

(a) 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.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Rights in timber licence

Rights in timber licence are expenditure incurred in respect of acquisition of timber licences and are amortised on a straight line basis over the remaining tenure of the licence periods, which range from 7 to 15 years.

Computer softwares and licences

The computer software and licences cost are amortised using the straight-line method over their estimated useful lives of 10 years.

2. Summary of significant accounting policies (contd.)

2.10 Impairment of non-financial assets

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

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Subsidiaries

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

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

2.12 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.

2. Summary of significant accounting policies (contd.)

2.12 Financial assets (contd.)

(a) Financial assets at fair value through profit or loss (contd.)

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.

(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.

2. Summary of significant accounting policies (contd.)

2.12 Financial assets (contd.)

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

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

2.13 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.

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 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.

2. Summary of significant accounting policies (contd.)

2.13 Impairment of financial assets (contd.)

(c) Available-for-sale financial assets (contd.)

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

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

2.14 Cash and cash equivalents

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

2.15 Inventories

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

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

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

2.16 Provisions

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

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

2.17 Financial liabilities

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

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

(a) Financial liabilities at fair value through profit or loss

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

2. Summary of significant accounting policies (contd.)

2.17 Financial liabilities (contd.)

(a) Financial liabilities at fair value through profit or loss (contd.)

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 as at fair value through profit or loss.

(b) Other financial liabilities

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

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

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

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

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

2.18 Financial guarantee contracts

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

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

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees is minimal.

2.19 Borrowing costs

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

2. Summary of significant accounting policies (contd.)

2.19 Borrowing costs (contd.)

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

2.20 Employee benefits

(a) Short-term benefits

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

(b) 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.

(c) Termination benefit

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.

2.21 Leases

(a) As lessee

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

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

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

(b) As lessor

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

2. Summary of significant accounting policies (contd.)

2.22 Revenue

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

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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) Revenue from supply of electricity

Revenue from supply of electricity is recognised upon the transmission of electricity.

(c) Contract fee

Contract fee from timber extraction and reforestation operations are recognised in the income statement based on the volume of logs extracted and area planted respectively.

(d) Dividend income

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

(e) Revenue from towage and transportation

Revenue from towage and transportation are recognised net of discount as and when the services are performed.

2.23 Income taxes

(a) Current tax

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

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

(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.

2. Summary of significant accounting policies (contd.)

2.23 Income taxes (contd.)

(b) Deferred tax (contd.)

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.

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

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

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

2.24 Segment reporting

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

2.25 Share capital and share issuance expenses

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

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

2.26 Treasury shares

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

2. Summary of significant accounting policies (contd.)

2.27 Contingencies

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

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

2.28 Prepaid land lease payments

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

3. Significant accounting estimates and judgements

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

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) Deferred tax assets

Deferred tax assets are recognised for all unutilised investment tax allowances ("ITA") to the extent that it is probable that taxable profit will be available against which the ITA 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. The total carrying value of recognised ITA of the Group was RM 45,836,000 (2010: RM49,732,000).

(b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 19.

4. Revenue

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Sale of logs	189,622,917	246,840,409	312,203,134	417,234,577
Sale of plywood	220,851,570	213,251,646	-	-
Sale of raw and laminated particleboard	64,435,758	62,932,425	-	-
Sale of sawn timber, finger joint moulding and by-products	72,267,238	83,042,701	10,739,651	14,414,220
Contract fee from timber extraction and reforestation	51,670,048	65,099,872	2,270,272	3,975,930
Dividend income	-	-	33,506,595	12,417,421
Sales of fresh fruit bunch	27,054,251	8,330,838	-	-
Others	1,942,474	355,204	-	-
	627,844,256	679,853,095	358,719,652	448,042,148

5. Finance Cost

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest expense on:				
Bank borrowings	4,806,717	4,025,812	229,204	507,232
Hire purchase liabilities	1,000,522	1,816,031	983,550	1,816,031
	5,807,239	5,841,843	1,212,754	2,323,263
Less: Interest capitalised in plantation development expenditure (Note 12(e))	(462,713)	(1,212,593)	-	-
Power plant-in-progress (Note 12(e))	(1,004,441)	(563,070)	-	-
Net interest expense	4,340,085	4,066,180	1,212,754	2,323,263

6. Profit before tax

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Employee benefits expense (Note 7)	59,566,181	57,784,554	23,029,220	22,548,139
Non-executive directors' remuneration (Note 8)				
- fees	351,000	317,500	230,000	200,000
- other emoluments	336,000	336,000	240,000	240,000
Auditors' remuneration				
- current year	180,400	151,000	44,000	36,000
- under/(over) provided in prior year	7,750	2,000	10,000	(4,000)
- other services	8,000	8,000	8,000	8,000
Amortisation of intangible assets (Note 16)	11,664,590	15,975,088	8,035,656	13,723,276
Amortisation of prepaid land lease payments (Note 13)	1,085,490	1,121,896	52,185	52,184
Accretion of interest on long term receivables (Note 17)	(799,260)	-	(799,260)	-
Fair value gain on derivative financial instrument	(601,972)	-	(525,085)	-
Impairment loss on financial assets				
- trade and other receivables	738,897	73,199	2,849,438	4,046,105
Depreciation of property, plant and equipment (Note 12)	53,830,311	54,124,319	25,194,329	27,813,805
Depreciation of investment properties (Note 14)	858,270	873,542	-	-
Property, plant and equipment written off	135,540	61,320	4,366	-
Rental of - buildings	105,155	125,080	37,800	55,500
- land	488,870	485,090	213,770	192,890
- equipment and vehicles	112,611	145,610	83,118	111,067
Impairment of property, plant and equipment (Note 12)	2,791,301	157,260	1,497,790	-
Impairment of investment in subsidiary	-	-	13,242,000	4,399,999
Unrealised foreign exchange gain	(458,480)	(64,582)	(369,201)	(55,386)
Reversal of inventory write down	-	(1,703,526)	-	-
Inventory write down	245,592	-	-	-
Interest income	(1,335,538)	(484,482)	(2,249,252)	(903,638)
Net realised foreign exchange gain	(5,935,188)	(3,236,752)	(2,039,876)	(1,511,227)
Gain on disposal of property, plant and equipment	(652,307)	(122,616)	(563,904)	(108,423)
Rental income	(454,300)	(485,650)	(235,200)	(235,200)
Written off of advances	-	500,000	-	-
Reversal of impairment loss on other receivables	-	-	(5,192,719)	-

7. Employee benefits expense

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Wages, salaries and bonus	45,072,471	43,928,301	20,405,784	19,909,181
Contribution to defined contribution plan	4,023,352	3,886,244	2,117,128	2,022,618
Other benefits	9,696,318	9,970,009	506,308	616,340
Termination benefits	774,040	-	-	-
	59,566,181	57,784,554	23,029,220	22,548,139

Included in employee benefits expense of the Group and of the Company is an executive director's remuneration amounting to RM3,549,000 (2010: RM2,703,300) and RM3,484,000 (2010: RM2,641,800) respectively as further disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Director of the Company:				
Executive (Note 7)				
Fees	81,000	72,500	40,000	35,000
Salaries, bonus and other emoluments	3,099,000	2,351,500	3,075,000	2,327,500
Contribution to defined contribution plan	369,000	279,300	369,000	279,300
Total executive director's remuneration	3,549,000	2,703,300	3,484,000	2,641,800
Non-executive (Note 6)				
Fees	272,000	238,500	230,000	200,000
Other emoluments	264,000	264,000	240,000	240,000
Total non-executive directors' remuneration	536,000	502,500	470,000	440,000
Directors of subsidiaries:				
Non-executive (Note 6)				
Fees	79,000	79,000	-	-
Other remuneration	72,000	72,000	-	-
Total non-executive directors' remuneration	151,000	151,000	-	-
Total directors' remuneration (Note 28)	4,236,000	3,356,800	3,954,000	3,081,800

8. **Directors' remuneration (contd.)**

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

	Number of directors 2011	2010
Executive director:		
RM2,700,001 - RM2,750,000	-	1
RM3,500,001 - RM3,550,000	1	-
Non-executive directors:		
Less than RM50,000	2	3
RM50,001 - RM100,000	2	1
RM250,001 - RM300,000	-	1
RM300,001 - RM350,000	1	-
	=====	=====

9. **Income tax expense**

Major components of income tax expense

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

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Statement of comprehensive income:				
Current income tax:				
- Current income tax	12,519,521	9,494,531	11,153,000	7,445,000
- Under/(over) provision in respect of previous years	1,533,341	(68,777)	1,660,899	(168,819)
	14,052,862	9,425,754	12,813,899	7,276,181
Deferred tax (Note 27):				
- Origination and reversal of temporary differences	2,023,633	5,573,048	(101,030)	1,036,000
- Under/(over) provision in respect in previous years	(2,364,435)	1,332,442	580,691	111,000
	(340,802)	6,905,490	479,661	1,147,000
Income tax expense recognised in profit or loss	13,712,060	16,331,244	13,293,560	8,423,181
	==========	==========	==========	==========

9. **Income tax expense (contd.)**

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

Reconciliation between tax expense and accounting profit

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

	Group	
	2011	**2010**
	%	%
Statutory tax rate	25	25
Non-deductible expenses	8	9
Effect of expenses eligible for double deduction	(7)	(4)
Group relief from transfer of losses from subsidiaries	(1)	-
Underprovision of tax expense in respect of previous years	3	-
(Over)/under provision of deferred tax in respect of previous years	(5)	3
Deferred tax not recognised on unabsorbed tax losses and unutilised capital allowances	5	2
Average effective tax rate	28	35

	Company	
	2011	**2010**
	%	%
Statutory tax rate	25	25
Income not subject to taxation	(15)	(8)
Non-deductible expenses	13	20
Group relief from transfer of losses from subsidiaries	(2)	(12)
Under/(over)provision of deferred tax in respect of previous years	1	(1)
Underprovision of tax expense in respect of previous years	3	1
Average effective tax rate	25	25

10. Earnings per share

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

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

	Group	
	2011	2010
Profit net for tax attributable to owners of the parent (RM)	34,424,978	30,001,091
Weighted average number of ordinary shares in basic earnings per share computation	188,187,850	188,253,291
Basic earnings per share (sen)	18.3	15.9
	==========	==========

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

11. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2010	2009	2011	2010
	RM	RM	RM	RM
Recognised during the year:				
First and final dividend 2010: 4 sen per share, less 25% taxation on 188,184,600 ordinary shares	5,645,538	-	5,645,538	-
	==========	==========	==========	==========
First and final dividend for 2009: 4 sen per share, less 25% taxation on 188,207,500 ordinary shares	-	5,646,225	-	5,646,225
	==========	==========	==========	==========

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 July 2011, of 5% less 25% taxation (3.75 sen net per ordinary share), will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2012.

12. Property, plant and equipment

Group	Freehold land RM	Long Leasehold land RM	Buildings RM	Plantation development expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
At 31 July 2011											
Cost											
At 1 August 2010											
As previously stated	162,260	-	154,221,070	85,012,612	241,454,302	335,196,412	68,222,584	16,754,709	6,829,961	39,743,300	947,597,210
Effects of adopting the amendments to FRS 117	-	21,532,534	-	-	-	-	-	-	-	-	21,532,534
As restated	162,260	21,532,534	154,221,070	85,012,612	241,454,302	335,196,412	68,222,584	16,754,709	6,829,961	39,743,300	969,129,744
Additions	-	-	1,208,241	15,375,698	35,666,562	2,912,769	4,675,299	1,199,486	378,304	12,301,112	73,717,471
Disposals	-	-	(203,830)	-	(1,031,738)	(1,342,134)	(9,560)	(32,940)	-	-	(2,620,202)
Written off	(162,260)	-	(696,598)	-	(6,993,803)	-	(5,885,124)	(17,976)	(4,495)	(64,131)	(13,824,387)
Transfer	-	-	167,626	-	259,000	626,627	623,207	340,500	69,338	(2,086,298)	-
At 31 July 2011	-	21,532,534	154,696,509	100,388,310	269,354,323	337,393,674	67,626,406	18,243,779	7,273,108	49,893,983	1,026,402,626

12. **Property, plant and equipment (contd.)**

Group (contd.)	Freehold land RM	Long Leasehold land RM	Buildings RM	Plantation development expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
Accumulated depreciation and impairment losses											
At 1 August 2010											
As previously stated	162,259	-	75,269,324	625,883	91,334,446	256,294,316	43,746,068	11,764,355	5,239,829	-	484,436,480
Effects of adopting the amendments to FRS 117	-	779,164	-	-	-	-	-	-	-	-	779,164
As restated	162,259	779,164	75,269,324	625,883	91,334,446	256,294,316	43,746,068	11,764,355	5,239,829	-	485,215,644
Depreciation charge for the year	-	378,759	4,808,374	2,367,533	24,347,969	15,063,126	5,584,228	1,501,390	518,128	-	54,569,507
Charge to profit or loss (Note 5)	-	314,488	4,756,707	2,367,533	23,754,009	15,058,889	5,572,967	1,487,590	518,128	-	53,830,311
Capitalised in plantation development expenditure	-	64,271	51,667	-	593,960	4,237	11,261	13,800	-	-	739,196
Disposals	-	-	(53,914)	-	(556,193)	(554,050)	(8,375)	(13,746)	-	-	(1,186,278)
Impairment loss recognised in profit or loss	-		2,716,358	-	3	25,147	36,930	12,863	-	-	2,791,301
Written off	(162,259)	-	(646,710)	-	(6,993,775)	-	(5,875,635)	(8,735)	(1,733)	-	(13,688,847)
At 31 July 2011	-	1,157,923	82,093,432	2,993,416	108,132,450	270,828,539	43,483,216	13,256,127	5,756,224	-	527,701,327
Net carrying amount	-	20,374,611	72,603,077	97,394,894	161,221,873	66,565,135	24,143,190	4,987,652	1,516,884	49,893,983	498,701,299

12. **Property, plant and equipment (contd.)**

Group (contd.)	Freehold land RM	Long Leasehold land RM	Buildings RM	Plantation development expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
At 31 July 2010											
Cost											
At 1 August 2009											
As previously stated	162,260	-	154,631,032	62,540,684	228,961,524	331,656,285	65,288,458	16,069,173	6,051,803	27,474,713	892,835,932
Effects of adopting the amendments to FRS 117	-	21,532,534	-	-	-	-	-	-	-	-	21,532,534
As restated	-	21,532,534	154,631,032	62,540,684	228,961,524	331,656,285	65,288,458	16,069,173	6,051,803	27,474,713	914,368,466
Additions	-	-	49,786	22,471,928	9,370,487	2,557,261	2,674,010	632,344	493,839	19,195,298	57,444,953
Disposals	-	-	(33,064)	-	(365,348)	(1,192,552)	-	(4,535)	(750)	-	(1,596,249)
Written off	-	-	(693,423)	-	(134,401)	(235,735)	-	(23,867)	-	-	(1,087,426)
Transfer	-	-	266,739	-	3,622,040	2,411,153	260,116	81,594	285,069	(6,926,711)	-
At 31 July 2010	162,260	21,532,534	154,221,070	85,012,612	241,454,302	335,196,412	68,222,584	16,754,709	6,829,961	39,743,300	969,129,744

Notes to the Financial Statements
For the financial year ended 31 July 2011

12. Property, plant and equipment (contd.)

Group (contd.)	Freehold land	Long Leasehold land RM	Buildings RM	Plantation development expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
Accumulated depreciation and impairment losses											
At 1 August 2009											
As previously stated	4,999	-	70,949,124	-	68,943,660	242,345,178	34,374,069	10,399,496	4,713,549	-	431,730,075
Effects of adopting the amendments to FRS 117	-	400,405	-	-	-	-	-	-	-	-	400,405
As restated	4,999	400,405	70,949,124	-	68,943,660	242,345,178	34,374,069	10,399,496	4,713,549	-	432,130,480
Depreciation charge for the year	-	378,759	4,976,126	625,883	22,565,279	15,031,548	9,361,539	1,404,178	526,505	-	54,869,817
Charge to profit or loss (Note 6)	-	-	4,976,126	625,883	22,562,960	14,698,007	9,347,574	1,387,264	526,505	-	54,124,319
Effects of adopting the amendments to FRS117	-	378,759	-	-	-	-	-	-	-	-	378,759
Capitalised in plantation development expenditure	-	-	-	-	2,319	333,541	13,965	16,914	-	-	366,739
Disposals	-	-	(3,400)	-	(40,095)	(865,348)	-	(6,739)	(225)	-	(915,807)
Impairment loss recognised in profit or loss	157,260	-	-	-	-	-	-	-	-	-	157,260
Written off	-	-	(652,526)	-	(134,398)	(217,062)	-	(22,120)	-	-	(1,026,106)
Transfer	-	-	-	-	-	-	10,460	(10,460)	-	-	-
At 31 July 2010	162,259	779,164	75,269,324	625,883	91,334,446	256,294,316	43,746,068	11,764,355	5,239,829	-	485,215,644
Net carrying amount	1	20,753,370	78,951,746	84,386,729	150,119,856	78,902,096	24,476,516	4,990,354	1,590,132	39,743,300	483,914,100

12. **Property, plant and equipment (contd.)**

Company	Buildings RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
At 31 July 2011								
Cost								
At 1 August 2010	19,076,728	169,516,569	4,354,227	48,383,321	10,409,329	3,417,982	998,004	256,156,160
Additions	9,933	16,635,688	5,461	3,005,595	432,942	363,196	1,210,841	21,663,656
Disposals	(185,496)	(6,206,526)	(142,757)	-	(32,850)	-	-	(6,567,629)
Transfer	-	-	-	623,207	139,950	52,000	(815,157)	-
Written off	-	(27,000)	-	(1,350,000)	(2,110)	(4,495)	-	(1,383,605)
At 31 July 2011	18,901,165	179,918,731	4,216,931	50,662,123	10,947,261	3,828,683	1,393,688	269,868,582
Accumulated depreciation and impairment losses								
At 1 August 2010	3,501,459	54,668,267	1,430,677	26,582,369	7,433,788	2,103,994	-	95,720,554
Depreciation charge for the year (Note 5)	632,760	17,522,168	422,873	5,079,889	1,085,525	451,114	-	25,194,329
Disposals	(51,011)	(2,962,279)	(32,120)	-	(20,360)	-	-	(3,065,770)
Impairment loss recognised in profit or loss	1,497,790	-	-	-	-	-	-	1,497,790
Written off	-	(27,000)	-	(1,350,000)	(506)	(1,733)	-	(1,379,239)
At 31 July 2011	5,580,998	69,201,156	1,821,430	30,312,258	8,498,447	2,553,375	-	117,967,664
Net carrying amount	13,320,167	110,717,575	2,395,501	20,349,865	2,448,814	1,275,308	1,393,688	151,900,918

Notes to the Financial Statements
For the financial year ended 31 July 2011

12. Property, plant and equipment (contd.)

Company (contd.)	Buildings RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
At 31 July 2010								
Cost								
At 1 August 2009	19,099,965	158,945,640	4,337,010	46,020,112	10,241,946	2,759,163	595,940	241,999,776
Additions	1,752	7,821,778	1	2,349,750	311,964	374,500	4,347,923	15,207,668
Disposals	(33,064)	(872,889)	-	-	(144,581)	(750)	-	(1,051,284)
Transfer	8,075	3,622,040	17,216	13,459	-	285,069	(3,945,859)	-
At 31 July 2010	19,076,728	169,516,569	4,354,227	48,383,321	10,409,329	3,417,982	998,004	256,156,160
Accumulated depreciation								
At 1 August 2009	2,814,967	37,950,754	996,342	18,423,083	6,416,701	1,655,186	-	68,257,033
Depreciation charge for the year (Note 5)	689,892	17,030,608	434,335	8,159,286	1,050,651	449,033	-	27,813,805
Disposals	(3,400)	(313,095)	-	-	(33,564)	(225)	-	(350,284)
At 31 July 2010	3,501,459	54,668,267	1,430,677	26,582,369	7,433,788	2,103,994	-	95,720,554
Net carrying amount	15,575,269	114,848,302	2,923,550	21,800,952	2,975,541	1,313,988	998,004	160,435,606

12. Property, plant and equipment (contd.)

(a) Certain buildings of the Group with net carrying amount of RM18,259,386 (2010: RM20,204,030) are situated on land which is held by a company in which a director of certain subsidiaries and certain substantial shareholders of the Company have financial interests.

(b) The net carrying amount of the property, plant and equipment of the Group and of the Company which the title have yet to be registered under the name of the Company and its subsidiary are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Tractor and trucks	14,249,427	2,452,796	1,682,577	1,966,956
Buildings	11,404,239	11,671,711	10,312,974	10,568,563
	25,653,666	14,124,507	11,995,551	12,535,519

(c) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM 71,661,661 (2010: RM57,444,953) and RM21,663,656 (2010: RM 15,207,668) respectively of which RM27,297,420 (2010: RM1,722,000) and RM15,628,000 (2010: RM1,722,000) respectively were acquired by means of finance lease arrangements. Net carrying amounts of respective property, plant and equipment held under finance lease arrangements are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Tractors, trucks and motor vehicles	87,620,595	76,771,869	80,867,527	76,771,869

Details of the terms and conditions of the finance lease arrangements are disclosed in Note 29.

(d) The net carrying amount of property, plant and equipment pledged for borrowings as referred in Note 23 are as follows:

	Group	
	2011 RM	2010 RM
Power plant-in-progress	44,426,590	37,565,317
Long leasehold land	25,744,893	26,259,409
Watercrafts and vehicles	11,130,619	12,732,192
	81,302,102	76,556,918

(e) Included in property, plant and equipment of the Group are the following expenses incurred and capitalised during the financial year:

	Group	
	2011 RM	2010 RM
Plantation development expenditure:		
Staff costs	1,888,684	1,232,806
Depreciation	739,196	366,739
Interest expense (Note 5)	462,713	1,212,593
Amortisation of prepaid land lease payments (Note 13)	668	175,017
Rental of equipment	532	41,151
Power plant-in-progress:		
Interest expenses (Note 5)	1,004,441	563,070

13. Prepaid land lease payments

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cost				
At 1 August	44,735,565	62,314,013	2,575,440	2,573,269
Effects of adopting Amendment to FRS 117	-	(21,532,534)	-	-
	44,735,565	59,781,479	2,575,440	2,573,269
Addition	-	3,951,915	-	-
Transfer from long term assets	-	2,171	-	2,171
At 31 July	44,735,565	44,735,565	2,575,440	2,575,440
Accumulated amortisation				
At 1 August	7,543,162	7,025,413	470,668	418,484
Effects of adopting Amendment to FRS 117	-	(400,405)	-	-
	7,543,162	6,625,008	470,668	418,484
Amortisation for the year	1,086,158	918,154	52,185	52,184
Charge to profit or loss (Note 6)	1,085,490	1,121,896	52,185	52,184
Capitalised in plantation development (Note 12(e))	668	175,017	-	-
Effect of adopting Amendment to FRS 117	-	(378,759)	-	-
At 31 July	8,629,320	7,543,162	522,853	470,668
Net carrying amount	36,106,245	37,192,403	2,052,587	2,104,772
Amount to be amortised:				
- Not later than one year	1,086,157	1,086,158	52,184	52,184
- Later than one year but not later than five years	4,344,620	4,344,620	208,736	208,736
- Later than five years	30,675,468	31,761,625	1,791,667	1,843,852
	36,106,245	37,192,403	2,052,587	2,104,772

The net carrying amount of prepaid land lease payments of the Group pledged for borrowing as referred in Note 23 to the financial statements is RM11,304,214 (2010: RM11,550,256).

Prepaid land lease payments of the Group and the Company with carrying value of RM3,451,641 (2010: RM3,681,838) and RM 2,052,587 (2010: RM2,104,772) are yet to be registered in the name of the subsidiaries and of the Company respectively.

14. Investment properties

	Long leasehold land RM	Short leasehold land RM	Total RM
Group			
At 31 July 2011			
Cost			
At 1 August 2010/ 31 July 2011	9,894,171	9,917,652	19,811,823
Accumulated depreciation			
At 1 August 2010	47,021	3,030,666	3,077,687
Depreciation charge for the year (Note 5)	12,396	845,874	858,270
At 31 July 2011	59,417	3,876,540	3,935,957
Net carrying amount	9,834,754	6,041,112	15,875,866
Group			
At 31 July 2010			
Cost			
At 1 August 2009	9,879,101	9,902,582	19,781,683
Addition	15,070	15,070	30,140
At 31 July 2010	9,894,171	9,917,652	19,811,823
Accumulated depreciation			
At 1 August 2009	34,638	2,169,507	2,204,145
Depreciation charge for the year (Note 5)	12,383	861,159	873,542
At 31 July 2010	47,021	3,030,666	3,077,687
Net carrying amount	9,847,150	6,886,986	16,734,136

The fair value of the investment properties as at 31 July 2011 is approximately RM 20,496,000 (2010: RM19,782,000).

15. Investment in subsidiaries

	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost	306,780,564	300,680,370
Less: Accumulated impairment loss	(22,641,998)	(9,399,998)
	284,138,566	291,280,372

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

Name of subsidiaries	Equity interest held (%) 2011	Equity interest held (%) 2010	Principal activities
Subur Tiasa Plywood Sdn. Bhd. *	100	100	Manufacture and sale of plywood and veneer
Subur Tiasa Particleboard Sdn. Bhd. *	100	100	Manufacture and sale of particleboard
R H Timber Processing Industries Sdn. Bhd. *	100	100	Sawmilling of timber
Trimogreen Sdn. Bhd. *	100	100	Manufacture and sale of sawn timber and finger joint moulding
Subur Tiasa Forestry Sdn. Bhd. *	100	100	Forest plantation contractor
Sarawak Plywood (M) Sdn. Bhd. *	100	100	Logging, sawmilling and marketing of logs, ceased operation during the year
Homet Raya Sdn. Bhd. *	100	100	Supply of electricity
Palmlyn Sdn. Bhd. +	100	100	Cultivation of oil palm
T. Q. Oriental Sdn. Bhd. *	100	100	Operation of a grocery store
Supreme Standard Development Sdn. Bhd. *	100	100	Property holding and development
Allied Asiatic Sdn. Bhd. *	100	100	Towage and transportation services
Joyful Realty Sdn. Bhd. *	100	100	Property holding and development

15. Investment in subsidiaries (contd.)

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

Name of subsidiaries	Equity interest held (%) 2011	2010	Principal activities
Borneo Lumber Industries Sdn. Bhd. +	100	100	Manufacture and sale of sawn timber
Blessings Palm Sdn. Bhd. +	100	100	Cultivation of oil palm
JPH Logging Sdn. Bhd. +	100	100	Logging contractor
Grace Million Sdn. Bhd. *	100	100	Manufacture and sale of sawn timber
Infrapalm Sdn. Bhd. +	100	100	Cultivation of oil palm
JPH Enterprise Sdn. Bhd. *	100	100	Insurance agency
Saraju Holding Sdn. Bhd. +	100	100	Extraction and sales of logs
Diamond Plywood Sdn. Bhd. *	100	100	Dormant
AA Plywood Sdn. Bhd. *	100	100	Dormant
Excelle Timber Sdn. Bhd. *	100	100	Dormant
Victory Round Sdn. Bhd. *	100	100	Dormant
Blessings Realty Sdn. Bhd. *	100	100	Dormant
Semarak Veneer & Plywood Sdn. Bhd. +	100	100	Dormant
Joyful Shipping Sdn. Bhd. +	100	100	Dormant
Tiasa Mesra Sdn. Bhd. *	100	-	Dormant
Tiasa Cergas Sdn. Bhd. *	100	-	Dormant

\+ Audited by a firm of auditors other than Ernst & Young
* Audited by Ernst & Young

On 25 April 2011, the Company acquired 100% equity interest in Tiasa Mesra Sdn. Bhd. and Tiasa Cergas Sdn. Bhd., companies incorporated in Malaysia, for a total cash consideration of RM2 respectively. Subsequent to the acquisition, Tiasa Mesra Sdn. Bhd. and Tiasa Cergas Sdn. Bhd. became subsidiaries of the Group.

16. Intangible assets

	Rights in timber licences RM	Goodwill RM	Computer software & licences RM	Total RM
Group				
Costs				
At 1 August 2009	224,330,460	2,720,155	19,014,264	246,064,879
Addition	22,690,237	-	-	22,690,237
At 31 July 2010	247,020,697	2,720,155	19,014,264	268,755,116
Written off	(40,883,728)	-	-	(40,883,728)
At 31 July 2011	206,136,969	2,720,155	19,014,264	227,871,388
Accumulated amortisation				
At 1 August 2009	172,679,628	-	17,858,867	190,538,495
Amortisation (Note 6)	15,344,007	-	631,081	15,975,088
At 31 July 2010	188,023,635	-	18,489,948	206,513,583
Amortisation (Note 6)	11,277,118	-	387,472	11,664,590
Written off	(40,883,728)	-	-	(40,883,728)
At 31 July 2011	158,417,025	-	18,877,420	177,294,445
Net carrying amount				
At 31 July 2011	47,719,944	2,720,155	136,844	50,576,943
At 31 July 2010	58,997,062	2,720,155	524,316	62,241,533

	Rights in timber licenses 2011 RM	2010 RM
Company		
Costs		
At 1 August/31 July	183,446,732	183,446,732
Accumulated amortisation		
At 1 August	145,519,176	131,795,900
Amortisation (Note 6)	8,035,656	13,723,276
At 31 July	153,554,832	145,519,176
Net carrying amount	29,891,900	37,927,556

16. Intangible assets (contd.)

Impairment testing on goodwill

Goodwill arising from business combination mainly arises from plantation segment. Goodwill is tested for impairment on an annual basis by comparing the carrying amount with recoverable amount of the cash generating units ("CGUs") based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

i. Cash flows are projected for a period of twenty-five (25) years (the average life cycle of oil palm trees).

ii. Discount rate used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projections is 10.73% (2010: 9.94%).

iii. Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields, oil extraction rates and also cost of productions.

iv. Profit margins are projected based on industry trends and historical profit margin achieved.

17. Long term receivables

	Group and Company	
	2011	**2010**
	RM	RM
Long term receivable	18,982,153	19,552,874
Allowances for impairment:		
At 1 August 2010	-	-
Effects of adopting of FRS 139	7,934,644	-
Accretion of interest (Note 6)	(799,260)	-
Impairment loss	573,821	-
At 31 July 2011	7,709,205	-
Net carrying amount	11,272,948	19,552,874

Long term receivable represents an advance payment made to a third party in respect of purchase of all the merchantable timber logs from a forest concession for a period of twenty years. This amount will be set-off against the amount payable for future purchases of timber logs from this third party.

18. Inventories

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
At cost				
Raw materials:				
- Logs	21,632,428	22,300,429	15,450,204	14,786,921
- Waste timber	500,920	1,137,832	-	-
- Seedlings	87,775	-	-	-
Finished goods				
- Particleboard	4,918,189	5,257,922	-	-
- Sawn timber	971,920	2,946,947	-	1,861,351
Work-in-progress	1,029,235	3,646,992	355,232	3,258,191
General stores	25,278,820	24,234,502	1,905,500	2,067,247
	54,419,287	59,524,624	17,710,936	21,973,710

18. Inventories (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
At net realisable value:				
Finished goods				
- Finger joint moulding	78,462	226,188	-	-
- Plywood	63,765,153	56,443,416	-	-
- Sawn timber	2,075,070	11,651,859	-	-
Work-in-progress	24,709,797	26,065,466	-	-
	90,628,482	94,386,929	-	-
	145,047,769	153,911,553	17,710,936	21,973,710

19. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Trade receivables				
Third parties	19,902,088	35,270,143	5,190,179	14,441,243
Related companies	9,358,249	5,378,716	1,172,938	2,993,939
Amount due from subsidiaries	-	-	42,474,247	36,509,319
	29,260,337	40,648,859	48,837,364	53,944,501
Less: Allowances for impairment				
- third parties	(1,751,938)	(1,748,069)	(18,074)	(18,074)
	27,508,399	38,900,790	48,819,290	53,926,427
Other receivables				
Third parties	19,690,816	11,387,337	18,081,076	10,434,545
Amount due from subsidiaries	-	-	63,055,412	29,743,835
Related companies	84,988	1,346,644	84,988	109,096
Less: Allowance for impairment				
- Third parties	(186,212)	(25,871)	(161,208)	-
- Amounts due from related companies	-	-	(10,047,284)	(9,238,824)
	19,589,592	12,708,110	71,012,984	31,048,652
Deposits	1,290,281	898,551	162,935	569,470
	20,879,873	13,606,661	71,175,919	31,618,122
Total trade and other receivables	48,388,272	52,507,451	119,995,209	85,544,549
Add: Cash and bank balances (Note 22)	89,732,653	50,089,539	29,996,381	9,787,575
Total loans and receivables at amortised cost	138,120,925	102,596,990	149,991,590	95,332,124

19. Trade and other receivables (contd.)

(a) Trade receivables

The Group's normal trade credit terms range from payment in advance to 180 days (2010: payment in advance to 180 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised 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 and the Company's trade receivables are as follows:

	Group 2011 RM	Company 2011 RM
Neither past due nor impaired	14,908,305	19,558,614
1 to 30 days past due not impaired	4,619,326	6,856,437
31 to 60 days past due not impaired	3,227,535	19,303,449
61 to 90 days past due not impaired	2,025,112	447,080
91 to 120 days past due not impaired	1,141,615	879,456
More than 121 days past due not impaired	1,585,606	1,774,254
	12,599,194	29,260,676
Impaired	1,752,838	18,074
	29,260,337	48,837,364

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworth debtors with good payments records with the Group and the Company.

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM 12,599,194 and RM 29,260,676 respectively, that are past due at the reporting date but not impaired.

Receivables that are impaired

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

	Individually impaired	
	Group 2011 RM	Company 2011 RM
Trade receivables-nominal amounts	1,752,838	18,074
Less: Allowance of impairment	(1,751,938)	(18,074)
	900	-

19. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Movement in allowance accounts:

	Group 2011 RM	Company 2011 RM
At 1 August	1,748,069	18,074
Charge for the year	3,869	-
At 31 July	1,751,938	18,074

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 secured by any collateral or credit enhancements.

(b) Amount due from related companies

Amount due from related companies represent companies in which certain directors and substantial shareholders of the Company have financial interests.

(c) Amount due from subsidiaries

Amounts due from subsidiaries are unsecured, interest-free and are repayable on demand except amount of RM44,913,081 (2010: RM31,118,811) bear interest of 3.4% (2010: 3.3%) per annum as at the date of statement of financial position.

Other receivables that are impaired

Movement in allowances accounts:

	Group 2011 RM	Company 2011 RM
At 1 August 2010	25,871	9,238,824
Effect of adopting of FRS 139	-	3,886,770
Recognised in profit or loss	161,207	2,275,617
Reversal of impairment loss	-	(5,192,719)
Write off	(866)	-
At 31 July 2011	186,212	10,208,492

Other receivables that are individually determined to be impaired at the reporting date related to amount due from subsidiaries which have been suffering significant financial losses. The receivables are not secured by any collateral or credit enhancements.

20. Derivative financial instruments

	Group		Company	
	Contract/ notional amount RM	Assets RM	Contract/ notional amount RM	Assets RM
Non-hedging derivatives				
Current				
Forward currency contracts	30,107,752	601,972	26,913,802	525,085

Forward currency contracts are used to hedge the Company's sales denominated in USD for which firm commitments existed at the reporting date.

21. Other current assets

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Prepayment	1,172,881	1,116,886	168,752	261,112
Tax recoverable	3,402,485	3,170,799	-	-
	4,575,366	4,287,685	168,752	261,112

22. Cash and bank balances

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash on hand and at banks	39,112,832	30,293,262	17,429,508	5,873,073
Deposits with licensed banks	50,619,821	19,796,277	12,566,873	3,914,502
Cash and cash equivalents	89,732,653	50,089,539	29,996,381	9,787,575

Fixed deposit of the Group amounted to RM280,475 (2010: RM268,364) have been pledged to a bank as security for bank guarantee granted to a subsidiary and bankers' acceptances as referred in Note 23.

23. Loans and borrowings

	WAEIR %	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current					
Secured:					
Banker's acceptance	2.99	-	9,458,000	-	-
Revolving credit	4.30	14,500,000	15,500,000	-	-
Obligations under finance leases (Note 29)	5.12	12,678,831	14,555,718	11,999,744	14,555,718
Term loans	4.30	9,801,116	5,625,788	-	-
		36,979,947	45,139,506	11,999,744	14,555,718
Unsecured:					
Banker's acceptance	2.99	-	6,100,000	-	-
Term loans	4.42	5,008,970	5,008,970	5,008,970	5,008,970
		5,008,970	11,108,970	5,008,970	5,008,970
		41,988,917	56,248,476	17,008,714	19,564,688
Non-current					
Secured:					
Obligations under finance leases (Note 29)	5.12	18,503,497	6,781,872	17,143,328	6,781,872
Term loans	4.30	80,089,910	66,906,561	-	-
		98,593,407	73,688,433	17,143,328	6,781,872
Unsecured:					
Term loans	3.83	-	5,008,970	-	5,008,970
		98,593,407	78,697,403	17,143,328	11,790,842
Total loans and borrowings		140,582,324	134,945,879	34,152,042	31,355,530

23. Loans and borrowings (contd.)

The remaining maturities of the loans and borrowings as at 31 July 2011 and 31 July 2010 are as follows:

	Group		Company	
	2011 RM	**2010** RM	**2011** RM	**2010** RM
Within one year	41,988,917	41,748,476	17,008,714	19,564,688
More than 1 year and less than 2 years	20,305,672	34,947,051	7,645,883	10,645,935
More than 2 years and not later than 5 years	55,444,847	44,658,254	6,322,207	1,144,907
Later than 5 years	22,842,888	13,592,098	3,175,238	-
	140,582,324	134,945,879	34,152,042	31,355,530

The secured term loan revolving credit of the Group are secured against and long leasehold land, buildings and watercrafts as referred in Note 12 and Note 13 to the financial statement and corporate guarantee of the Company.

The secured bankers' acceptances are secured against the deposit at bank as referred in Note 22 to the financial statements.

24. Trade and other payables

	Group		Company	
	2011 RM	**2010** RM	**2011** RM	**2010** RM
Trade payables				
Third parties	57,784,482	74,159,852	26,870,926	41,986,696
Amount due to subsidiaries	-	-	5,723,634	6,302,153
Amount due to related companies	38,333,878	28,389,731	25,933,384	19,985,181
	96,118,360	102,549,583	58,527,944	68,274,030
Other payables				
Accruals	9,624,028	9,299,188	3,713,547	3,035,360
Deposits	308,611	1,528,201	58,800	58,800
Amount due to subsidiaries	-	-	940,034	2,482,148
Deferred income	-	804,666	-	804,666
Other payables	7,672,248	6,623,285	3,299,871	1,100,198
	17,604,887	18,255,340	8,012,252	7,481,172
Total trade and other payables	113,723,247	120,804,923	66,540,196	75,755,202
Add: Loans and borrowings (Note 23)	140,582,324	134,945,879	34,152,042	31,355,530
Total financial liabilities carried at amortised cost	254,305,571	255,750,802	100,692,238	107,110,732

(a) Trade payables

The normal trade credit terms granted to the Group range from cash term to credit of 180 days.

(b) Amount due to related companies

Amount due to related companies are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

(c) Amount due to subsidiaries

The amount due to subsidiaries are non-interest bearing and are repayable on demand.

25. Share capital, share premium and treasury shares

	Number of Ordinary Shares of RM1 each		Amount			
	Share capital (issued and fully paid) RM	Treasury shares RM	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 August 2009	209,000,000	20,579,800	209,000,000	59,679,744	268,679,744	54,554,623
Purchase of treasury shares	-	219,700	-	-	-	433,539
At 31 July 2010	209,000,000	20,799,500	209,000,000	59,679,744	268,679,744	54,988,162
Purchase of treasury shares	-	30,900	-	-	-	73,623
At 31 July 2011	209,000,000	20,830,400	209,000,000	59,679,744	268,679,744	55,061,785

25. Share capital, share premium and treasury shares (contd.)

	Number of Ordinary Shares of RM 1 each		Amount	
	2011	2010	2011 RM	2010 RM
Authorised share capital				
At 1 August/31 July	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

(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 residual assets.

(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 30,900 (2010: 219,700) 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 RM73,623 (2010: RM433,539) and this was 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 interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

26. Retained earnings

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

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 July 2011 and 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

The Company has tax exempt profits available for distribution of approximately RM79,250,000 (2010: RM79,250,000), subject to agreement of the Inland Revenue Board.

As at 31 July 2011, the Company has sufficient credit in 108 balances to pay franked dividends amounting to RM219,312,474 out of its entire retained earnings. If the balance of the retained earnings of RM104,945,110 were to be distributed as dividends, the Company may distribute such dividends under single tier system or tax exempt account.

27. **Deferred tax**

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
At 1 August 2010	17,782,355	5,204,306	8,699,000	7,552,000
Effects of adopting FRS 139	(1,983,661)	-	(1,983,661)	-
Recognised in profit or loss (Note 9)	(340,804)	6,905,490	479,661	1,147,000
Acquisition of subsidiaries	-	5,672,559	-	-
At 31 July 2011	15,457,890	17,782,355	7,195,000	8,699,000

Presented after appropriate offsetting as follows:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Deferred tax assets	(11,338,000)	(12,869,000)	-	-
Deferred tax liabilities	26,795,890	30,651,355	7,195,000	8,699,000
	15,457,890	17,782,355	7,195,000	8,699,000

27. Deferred tax (contd.)

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

Deferred tax liabilities of the Group:

	Prepaid land lease payments RM	Property, plant and equipment RM	Intangible assets Rights in timber licences RM	Derivative financial instruments RM	Trade and other payables RM	Total RM
At 1 August 2010	4,655,555	45,375,249	5,267,377	-	-	55,298,181
Effects of adopting FRS 139	(4,396,443)	4,396,443	-	-	-	-
Recognised in profit or loss	(6,168)	1,178,085	(810,366)	151,000	18,000	530,551
At 31 July 2011	252,944	50,949,777	4,457,011	151,000	18,000	55,828,732
At 1 August 2009	4,708,389	39,484,756	-	-	-	44,193,145
Acquisition of subsidiary	-	-	5,672,559	-	-	5,672,559
Recognised in profit or loss	(52,834)	5,890,493	(405,182)	-	-	5,432,477
At 31 July 2010	4,655,555	45,375,249	5,267,377	-	-	55,298,181

27. Deferred tax (contd.)

Deferred tax assets of the Group:

	Unutilised investment tax allowances and reinvestment allowance RM	Unused tax losses and unutilised capital allowances RM	Property, plant and equipment RM	Allowance of impairment loss RM	Allowance of inventories RM	Accrued liabilities RM	Total RM
At 1 August 2010	(12,433,000)	(22,427,826)	(1,124,000)	(42,000)	(436,000)	(1,053,000)	(37,515,826)
Effects of adopting FRS 139	-	-	-	(1,983,661)	-	-	(1,983,661)
Recognised in profit or loss	974,000	(2,878,016)	1,059,000	8,661	(136,000)	101,000	(871,355)
At 31 July 2011	(11,459,000)	(25,305,842)	(65,000)	(2,017,000)	(572,000)	(952,000)	(40,370,842)
At 1 August 2009	(14,894,000)	(21,307,839)	(1,189,000)	(32,000)	(862,000)	(704,000)	(38,988,839)
Recognised in profit or loss	2,461,000	(1,119,987)	65,000	(10,000)	426,000	(349,000)	1,473,013
At 31 July 2010	(12,433,000)	(22,427,826)	(1,124,000)	(42,000)	(436,000)	(1,053,000)	(37,515,826)

27. Deferred tax (contd.)

Deferred tax liabilities of the Company:

	Derivative financial instruments RM	Property, plant and equipment RM	Total RM
At 1 August 2010	-	9,378,000	9,378,000
Recognised in profit or loss	132,000	403,000	535,000
At 31 July 2011	132,000	9,781,000	9,913,000
At 1 August 2009	-	8,042,000	8,042,000
Recognised in profit or loss	-	1,336,000	1,336,000
At 31 July 2010	-	9,378,000	9,378,000

Deferred tax assets of the Company:

	Allowances for impairment RM	Accrued liabilities RM	Total RM
At 1 August 2010	-	(679,000)	(679,000)
Recognised in profit or loss	14,661	(70,000)	(55,339)
Effects of adopting FRS 139	(1,983,661)	-	(1,983,661)
At 31 July 2011	(1,969,000)	(749,000)	(2,718,000)
At 1 August 2009	-	(490,000)	(490,000)
Recognised in profit or loss	-	(189,000)	(189,000)
At 31 July 2010	-	(679,000)	(679,000)

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

	Group 2011 RM	2010 RM
Deductible temporary differences on inventory, property, plant and equipment	2,587,808	1,380,636
Inventory written down	2,817,000	2,912,000
Unused tax losses	13,888,419	15,788,239
Unutilised capital allowances	7,113,386	4,636,149
	26,406,613	24,717,024

28. Significant related party transactions

(a) In addition to related party disclosures mentioned elsewhere in the financial statements, the Group and the Company had the following transaction with related parties during the financial year:

	Company	
	2011	**2010**
	RM	RM
Subsidiaries:		
Sales to subsidiaries		
- log	122,580,218	170,394,169
- sawn timber	8,690,155	11,195,305
- property, plant and equipment	-	347,761
Purchases from subsidiaries		
- grocery stock	-	156,529
- sawn timber	31,025	206,488
- plywood	43,996	31,685
Services paid/payable to subsidiaries		
- freight and handling charges	12,949,501	15,562,548
- logpond handling charges	1,308,277	2,211,572
	==========	==========

28. Significant related party transactions (contd.)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Related companies*:				
Services paid/payable to related companies				
- air tickets charges	107,905	43,487	70,328	15,878
- freight and handling charges	3,446,233	6,034,699	1,318,572	1,532,802
- helicopter charter charges	503,636	732,812	503,636	732,812
- insurance charges	60,868	136,389	39,753	99,171
- logging contract fee	69,216,194	116,176,777	69,215,909	113,364,939
- marketing fee	558,307	1,114,210	558,307	1,114,210
- rental of building	32,100	53,700	36,600	53,700
- rental of land	130,200	130,200	-	-
- rental of plant and machinery	7,500	120,000	-	-
- rental of vehicles	7,500	22,500	-	22,500
Purchase from related companies				
- purchase of property, plant and equipment	17,277,517	6,022,899	16,093,804	5,912,393
- purchase of consumable stores	4,185,055	4,466,362	1,844,000	3,002,370
- purchase of electricity	538,725	992,575	-	-
- purchase of logs	55,848,560	79,624,375	48,797,517	69,557,659
- purchase of adhesive materials	37,805,740	32,183,595	-	-
- purchase of waste timber	18,783	9,187	-	-
- purchase of prepaid land lease	-	3,894,000	-	-
- purchase of veneer	13,168,709	3,874,942	-	-
Income from related companies				
- rental income	241,200	253,200	235,200	235,200
- supply of electricity	47,775	60,052	-	-
- sales of assets	1,550	-	-	-
- sales of fresh fruit bunch	3,663,753	-	-	-
- sales of logs	1,490,148	777,462	1,489,149	777,462
- sales of plywood	23,879	-	-	-
- sales of particleboard	3,569	-	-	-
- sales of waste timber	269,160	368,800	-	-
- sales of property, plant and equipment	1,550	-	1,550	-
- sales of sawn timber	13,868,055	2,955,306	10,664	-
- towage and handling income	1,150,411	1,192,096	1,126,526	1,192,096
- contract fee income	52,978,326	64,944,135	2,270,272	3,820,192
- sundry income	3,475	-	-	-
	==========	==========	==========	==========

* Related companies are companies in which certain directors or substantial shareholders of the Company or persons connected with them have substantial interests.

The related party transactions are mainly to provide support to the Group's day-to-day operations. It is the Group's policy to purchase materials, goods or services also from related parties when the prices, fees or charges are competitive with prices, fees or charges obtained from third parties; by taking into consideration of the availability of raw materials or resources, reliability of supply, delivery, services and quality of material or goods.

Sales of logs and timber related products to related parties and other income received or receivable from related parties have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

28. Significant related party transactions (contd.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Short term employee benefits	5,718,737	4,765,818	4,821,730	3,922,387
Defined contribution plan	578,609	474,364	514,596	411,612
	6,297,346	5,240,182	5,336,326	4,333,999
Included in total key management personnel are:				
Directors' remuneration (Note 8)	4,236,000	3,356,800	3,954,000	3,081,800

29. Commitments

(a) Capital commitment

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	2,863,454	4,456,893	-	220,000
Investment properties	4,505,289	-	-	-
	7,368,743	4,456,893	-	220,000
Approved but not contracted for:				
Property, plant and equipment	340,000	1,000,993	-	-
	7,708,743	5,457,886	-	220,000

(b) Operating lease commitments - as lessee

Future minimum rental payables under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group	
	2011	2010
	RM	RM
Not later than 1 year	264,600	264,600
Later than 1 year and not later than 5 years	529,200	529,200
	793,800	793,800

29. Commitments (contd.)

(c) Finance lease commitments

The Group and the Company has finance leases for certain items of plant and equipment and furniture and fixtures (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	13,934,875	15,270,710	13,162,903	15,270,710
Later than 1 year but not later than 2 years	9,059,214	5,827,026	8,304,589	5,827,026
Later than 2 years but not later than 5 years	7,304,974	1,167,848	6,629,828	1,167,848
Later than 5 years	3,228,165	-	3,228,165	-
Total minimum lease payments	33,527,228	22,265,584	31,325,485	22,265,584
Less: Amounts representing finance charges	(2,344,900)	(927,994)	(2,182,413)	(927,994)
Present value of minimum lease payments	31,182,328	21,337,590	29,143,072	21,337,590
Present value of payments:				
Not later than 1 year	12,678,831	14,555,718	11,999,744	14,555,718
Later than 1 year but not later than 2 years	8,363,772	5,636,965	7,645,883	5,636,965
Later than 2 years but not later than 5 years	6,964,487	1,144,907	6,322,207	1,144,907
Later than 5 years	3,175,238	-	3,175,238	-
	31,182,328	21,337,590	29,143,072	21,337,590
Present value of minimum lease payments:				
Less: Amounts due within 12 months (Note 23)	(12,678,831)	(14,555,718)	(11,999,744)	(14,555,718)
Amount due after 12 months (Note 23)	18,503,497	6,781,872	17,143,328	6,781,872

30. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

		2011		2010	
	Note	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
		RM	RM	RM	RM
Financial liabilities:					
Group					
Long term receivables	17	11,272,948	12,724,641	19,552,874	16,150,227
Loans and borrowings					
- Obligations under finance leases	23	31,182,328	30,806,787	21,337,590	21,265,544
Company					
Long term receivables	17	11,272,948	12,724,641	19,552,874	16,150,227
Loans and borrowings					
- Obligations under finance leases	23	29,143,072	28,785,607	21,337,590	21,265,544

30. Fair value of financial instruments (contd.)

B. 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 that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	19
Trade and other payables	24
Cash and bank balances	22
Loans and borrowings	23

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

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

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

Obligation under finance lease

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

Derivative financial instruments

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

31. Financial risk management objectives and policies

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group's overall financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its foreign currency, interest, liquidity and credit risks. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies.

The Group uses derivative financial instrument on a short term basis such as forward foreign exchange contracts to hedge on confirmed receipts when it is deemed necessary. It does not engage in speculative transactions.

The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

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

(a) Credit risk

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

31. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

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

Exposure to credit risk

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

(i) the carrying amount of each class of financial assets recognised in the statements of financial position including derivatives with positive fair values.

(ii) A nominal amount of RM104,220,493 (2010: RM105,590,349) provided by the Company to the banks on subsidiaries' loans and borrowings.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

Credit risk concentration profile

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of business customers which are spread across a diverse range of industries. The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis.

At the reporting date, approximately 80% and 88% (2010: 78% and 73%) of the Group's and the Company's trade and other receivables respectively, were balances with related company and subsidiaries.

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due. 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.

The Group and the Company manage its liquidity risk by maintaining adequate reserves, access to a number of sources of banking facilities which are sufficient to meet anticipated funding requirements, and reserve borrowing facilities by continuously monitoring its forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

At the reporting date, approximately 30% (2010: 42%) of the Group's loans and borrowings (Note 23) will mature in less than one year based on the carrying amount reflected in the financial statements. 50% (2010: 62%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

31. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

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

	2011			
	Within One year RM	**One to five years** RM	**Over five years** RM	**Total** RM
Group				
Financial liabilities:				
Trade and other payables	114,705,052	19,921	833	114,725,806
Loans and borrowings	47,630,621	85,590,835	23,855,707	157,077,163
Total undiscounted financial liabilities	162,335,673	85,610,756	23,856,540	271,802,969
Company				
Financial liabilities:				
Trade and other payables	66,660,179	-	-	66,660,179
Loans and borrowings	18,310,245	14,934,417	3,228,165	36,472,827
Total undiscounted financial liabilities	84,970,424	14,934,417	3,228,165	103,133,006

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, loans at floating rates given to subsidiaries and deposits in the approved financial institutions. The Company's loans at floating rate given to subsidiaries form a natural hedge for its current floating rate bank borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are re-priced to market interest rates.

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

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit net of tax through the impact on interest expenses on floating rate loans as borrowings.

	Increase/ decrease in basis points	**Group 2011 Effect on profit net of tax** RM	**Company 2011 Effect on profit net of tax** RM
Loans and borrowings	+50	-416,244	-180,630
Loans and borrowings	-50	+416,244	+180,630

31. Financial risk management objectives and policies (contd.)

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of Group entities, which is RM. The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD"), European Dollars ("Euro") and Japanese Yen ("JPY").

The Company enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receipts and payments, when it is deemed necessary.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (in USD) amount to RM7,843,264 (2010: RM14,283,819) and RM 989,923 (2010: RM 3,696,964) for the Group and the Company respectively.

Sensitivity analysis for foreign currency risk

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

		Group 2011 Profit net of tax RM	**Company 2011 Profit net of tax** RM
USD/RM	- strengthened 10%	-883,024	-2,157,698
	- weakened 10%	+883,024	+2,157,698
Euro/RM	- strengthened 10%	+20,440	-
	- weakened 10%	-20,440	-
JPY/RM	- strengthened 10%	+40,368	-
	- weakened 10%	-40,368	-

32. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 July 2011 and 31 July 2010.

32. Capital management (contd.)

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

		Group		Company	
	Note	**2011**	**2010**	**2011**	**2010**
		RM	RM	RM	RM
Loans and borrowings	23	140,582,324	134,945,879	34,152,042	31,355,530
Trade and other payables	24	113,723,247	120,804,923	66,540,196	75,755,202
Less: Cash and bank balances	22	(89,732,653)	(50,089,539)	(29,996,381)	(9,787,575)
Net debts		164,572,918	205,661,263	70,695,857	97,323,157
Equity attributable to the owners of the parent		628,497,536	605,742,689	537,875,544	512,857,104
Capital and net debt		793,070,454	811,403,952	608,571,401	610,180,261
Gearing ratio		21%	25%	12%	16%

33. Segment information

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

i. The logging segment is involved in extraction, sale of logs and tree planting (reforestation).

ii. The manufacturing segment is in the business of manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger joint moulding and supply of electricity for its manufacturing activities.

iii. The plantation segment is involved in cultivation of oil palm and sales of fresh fruit bunch.

iv. The others segment is involved in sales of grocery, provision of towage and transportation services, property holding and development.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and 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.

No segment analysis on a geographical basis is provided as the Group's activities were wholly carried out in Malaysia.

Notes to the Financial Statements
For the financial year ended 31 July 2011

33. Segment information (contd.)

	Logging		Manufacturing		Plantation		Others		Adjustments and eliminations			Per consolidated financial statements	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM	Note	2011 RM	2010 RM
Revenue													
External customers	242,601,241	311,940,281	358,131,864	359,322,229	27,054,251	8,259,793	56,900	330,792	-	-		627,844,256	679,853,095
Inter-segment	127,519,686	183,608,949	574,057	1,045,449	-	71,045	14,137,622	16,650,478	(142,231,365)	(201,375,921)	A	-	-
Total revenue	370,120,927	495,549,230	358,705,921	360,367,678	27,054,251	8,330,838	14,194,522	16,981,270	(142,231,365)	(201,375,921)		627,844,256	679,853,095
Results													
Interest income	1,575,600	382,149	1,338,576	323,197	96,741	11,238	31,043	802	(1,706,422)	(232,904)	A	1,335,538	484,482
Amortisation of intangible assets	11,277,118	15,344,008	387,472	631,080	-	-	-	-	-	-		11,664,590	15,975,088
Amortisation of prepaid lease payments	52,185	52,184	1,023,378	855,374	2,155	206,565	7,772	7,773	-	-		1,085,490	1,121,896
Depreciation of investment properties	-	-	-	-	-	-	858,270	873,542	-	-		858,270	873,542
Depreciation of property, plant and equipment	24,802,137	28,433,139	21,204,558	20,399,356	3,290,338	726,882	4,534,846	4,564,942	(1,569)	-	B	53,830,310	54,124,319
Other non-cash expenses	48,394	230,459	2,928,136	(1,703,526)	-	-	-	500,000	-	-	C	2,976,530	(973,067)
Segment profit/(loss)	33,162,555	24,183,595	14,242,783	22,007,828	2,761,286	1,216,609	(2,029,586)	(1,075,697)	-	-		48,137,038	46,332,335
Assets													
Additions to non-current assets	36,147,140	39,257,058	13,793,294	17,993,461	25,572,371	27,186,503	975,333	192,809	(4,826,477)	(510,415)	D	71,661,661	84,119,416
Segment assets	383,198,158	370,549,633	398,041,022	412,598,483	146,160,032	121,291,303	56,953,135	60,244,532	(72,135,014)	(71,383,677)	E	912,217,333	893,300,274
Segment liabilities	115,314,275	123,233,217	129,168,294	135,497,922	100,811,698	81,752,253	13,112,998	14,750,302	(74,687,468)	(67,676,109)	F	283,719,797	287,557,585

33. Segment information (contd.)

A Inter-segment revenues and interest income are eliminated on consolidation.

B The amount relating to gain on disposal of property, plant and equipment between fellow subsidiaries is eliminated on consolidation.

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

	Note	2011 RM	2010 RM
Accretion of interest on long term receivables	6	(799,260)	-
Impairment loss on financial assets:			
- Trade and other receivables	6	738,897	73,199
Impairment of property, plant and equipment	6	2,791,301	157,260
Inventory write-down	6	245,592	-
Reversal of inventory write-down	6	-	(1,703,526)
Written off of advance	6	-	500,000
		2,976,530	(973,067)

D Additions to non-current assets consist of:

	2011 RM	2010 RM
Property, plant and equipment	71,661,661	57,444,953
Investment properties	-	30,140
Intangible assets	-	22,690,237
Prepaid land lease payments	-	3,954,086
	71,661,661	84,119,416

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

	2011 RM	2010 RM
Inter-segment assets	72,135,014	71,383,677

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

	2011 RM	2010 RM
Deferred tax liabilities	7,195,000	8,699,000
Tax payables	1,890,500	201,290
Inter-segment liabilities	(83,772,968)	(76,576,399)
	(74,687,468)	(67,676,109)

33. Segment information (contd.)

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

	2011 RM	2010 (restated) RM
Property, plant and equipment	498,701,299	483,914,100
Prepaid land lease payments	36,106,245	37,192,403
Investment properties	15,875,866	16,734,136
Intangible assets	50,576,942	62,241,533
	601,260,352	600,082,172

Information about a major customer

Revenue from one major customer amount to RM73,225,915 (2010: RM66,249,992), arising from sales by the following segments:

	2011 RM	2010 RM
Logging segment	54,468,474	64,944,135
Manufacturing segment	13,943,277	113,761
Plantation	3,663,753	-
Others	1,150,411	1,192,096
	73,225,915	66,249,992

34. Supplementary information - breakdown of retained earnings into realised and unrealised

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

	Group 2011 RM	Company 2011 RM
Total retained earnings of the Company and the subsidiaries		
Realised	421,940,943	330,558,299
Unrealised	(4,780,661)	(6,300,714)
	417,160,282	324,257,585
Less: Consolidated adjustments	(2,280,705)	-
Retained earnings as per financial statement	414,879,577	324,257,585

List of Properties
as at 31 July 2011

Location	Tenure	Land Area (Hectares)	Existing Use	Approximate Age of Building	Net Carrying Amount as at 31.07.2011 (RM)	Date of Acquisition
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	24.054	Factories, office, welfare building	1 - 22 years	58,849,536	31.03.1989 - 30.12.1994
Lot 47, Balingian Land District, Mukah	Leasehold land expiring on 11.02.2064	5,000	Oil palm plantation, office, store, quarters	1 - 5 years	17,252,583	30.09.2004
Lot 854-866, Block 10, Sibu Town District	Pending issuance of land title	0.2123	Office building	10 years	12,365,561	01.06.2001
Industrial Land at Lot 400, Blk 38 Kemena Land, Bintulu	Leasehold land expiring on 15.09.2057	12.672	Factory, office, welfare building	15 years	12,050,190	01.10.2008
Lot 1, Block 22, Majau Land District	Leasehold land expiring on 22.05.2067	2,000	Oil palm plantation estate	-	6,253,925	09.07.2008
Lot 62, Block 12, Buan Land District, Tanjung Manis	Leasehold land expiring on 01.08.2051	4.183	Factory, office, welfare building	16 years	4,745,236	01.08.2007
Lot 11726, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2025	2.261	Vacant	-	4,322,105	05.06.2006
Country Lease No. 015146139, Kota Kinabalu	Leasehold land expiring on 01.03.2916	1.3597	Vacant	-	3,832,369	10.05.2007
Lot 10, Section 43, Kuching Town Land District	Leasehold land expiring on 13.05.2816	0.7406	Vacant	-	3,484,995	15.03.2006
Lot 108, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2025	8.336	Vacant	-	2,870,297	30.04.2010

Analysis of Shareholdings
as at 31 October 2011

Share Capital

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Fully Paid-up Share Capital	:	RM209,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Share

Distribution schedule of ordinary shares

Holdings	No. of Holders	Total Holdings	%
less than 100 shares	81	2,770	0.00 #
100 to 1,000 shares	210	164,917	0.09
1,001 to 10,000 shares	2,813	6,889,048	3.66
10,001 to 100,000 shares	260	6,431,106	3.42
100,001 to less than 5% of issued shares	41	55,856,758	29.69
5% and above of issued shares	7	118,789,101	63.14
Total	3,412	188,133,700*	100.00

Less than 0.01%

* Excluding 20,866,300 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on Record of Depositors as at 31 October 2011

List of Substantial Shareholders
as at 31 October 2011

Name	No. of Ordinary Shares of RM1.00 each	
	Direct Interest	Indirect Interest
1. Tiong Toh Siong Holdings Sdn. Bhd.	61,950,021 (*1) (32.93%#)	25,029,307 (*2) (13.30%#)
2. Twintop Sdn. Bhd.	21,522,295 (11.44%#)	-
3. Kinta Hijau Sdn. Bhd.	16,937,532 (*3) (9.00%#)	-
4. Raya Abadi Sdn. Bhd.	16,675,033 (8.86%#)	-
5. Teck Sing Lik Enterprise Sdn. Bhd.	4,679,977 (2.49%#)	88,029,328 (*4) (46.79%#)
6. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	1,109,120 (0.59%#)	92,709,305 (*5) (49.28%#)

(*1) 30,000,000 shares, 20,000,000 shares and 1,500,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd., Malaysia Nominees (Tempatan) Sdn. Bhd. and RHB Capital Nominees (Tempatan) Sdn. Bhd. respectively

(*2) Deemed interested by virtue of its substantial shareholdings in Twintop Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

(*3) 6,900,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd.

(*4) Deemed interested by virtue of its substantial shareholdings in Tiong Toh Siong Holdings Sdn. Bhd., Twintop Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

(*5) Deemed interested by virtue of his substantial shareholdings in Twintop Sdn. Bhd., Tiong Toh Siong Holdings Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd., Tiong Toh Siong & Sons Sdn. Bhd. and Teck Sing Lik Enterprise Sdn. Bhd.

Excluding 20,866,300 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 31 October 2011

Directors' Interests
as at 31 October 2011

Name	No. of Ordinary Shares Held in the Company			
	Direct Interest	%#	Indirect Interest	%#
1. YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	10,500	0.01	-	-
2. YBhg. Datuk William Lau Kung Hui	10,500	0.01	-	-
3. YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh	312,795 (*1)	0.17	-	-
4. Mr. Tiong Kiong King	1,282,643 (*2)	0.68	-	-
5. YBhg. Dato' Tiong Ing	1,605,113	0.85	384,075 (*3)	0.20
6. Madam Ngu Ying Ping	-	-	21,000 (*4)	0.01

The Directors by virtue of their interests in shares in the Company are also deemed to have interests in shares in all of its related corporations to the extent the Company has an interest, pursuant to Section 6A of the Companies Act, 1965.

Notes :

(*1) Shares are held through Public Nominees (Tempatan) Sdn. Bhd.

(*2) 1,219,973 shares and 51,000 shares are held through AMSEC Nominees (Tempatan) Sdn. Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively

(*3) Deemed interested by virtue of her substantial interests in Unique Wood Sdn. Bhd., ETI Blessed Holdings Sdn. Bhd. and the interests of her children in the Company

(*4) Deemed interested by virtue of the interest of her spouse in the Company

\# Excluding 20,866,300 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 31 October 2011

List of Thirty Largest Securities Accounts Holders
as at 31 October 2011

	Names	No. of ordinary shares of RM1.00 each	Percentage %#
1.	EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (Upper Lanang)	30,000,000	15.95
2.	Twintop Sdn. Bhd.	21,522,295	11.44
3.	Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (00-33029-004)	20,000,000	10.63
4.	Raya Abadi Sdn. Bhd.	16,675,033	8.86
5.	Tiong Toh Siong Holdings Sdn. Bhd.	10,450,021	5.55
6.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Credit Suisse (SG BR-TST-ASING)	10,104,220	5.37
7.	Kinta Hijau Sdn. Bhd.	10,037,532	5.34
8.	Pertumbuhan Tiasa Sdn. Bhd.	8,611,032	4.58
9.	EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Kinta Hijau Sdn. Bhd. (Upper Lanang)	6,900,000	3.67
10.	CIMSEC Nominees (Asing) Sdn. Bhd. - Bank of Singapore Ltd for Union View Investments Limited	4,165,500	2.21
11.	CitiGroup Nominees (Asing) Sdn. Bhd. - Exempt AN for UBS AG Singapore (Foreign)	3,864,950	2.05
12.	Tiong Toh Siong & Sons Sdn. Bhd.	3,507,012	1.86
13.	Teck Sing Lik Enterprise Sdn. Bhd.	3,435,727	1.83
14.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for JPMorgan Chase Bank, National Association (JPMINTL BK LTD)	2,967,826	1.58
15.	Serrano Group Limited	2,639,490	1.40
16.	UOBM Nominees (Asing) Sdn. Bhd. - United Overseas Bank Nominees (Pte) Ltd for Novel Investment Group Limited	1,574,075	0.84
17.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - RHB Bank (L) Ltd for Tiong Toh Siong Holdings Sdn. Bhd.	1,500,000	0.80
18.	UOBM Nominees (Asing) Sdn. Bhd. - United Overseas Bank Nominees (Pte) Ltd for Max Fortune Resources Inc.	1,449,200	0.77
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Datuk Tiong Thai King	1,341,720	0.71
20.	Teck Sing Lik Enterprise Sdn. Bhd.	1,244,250	0.66
21.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,213,473	0.65
22.	Dato' Tiong Ing	1,211,233	0.64
23.	Nustinas Sdn. Bhd.	1,195,950	0.64
24.	Tiong Toh Siong Enterprises Sdn. Bhd.	1,050,000	0.56
25.	Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	945,613	0.50
26.	Neoh Choo Ee & Company Sdn. Bhd.	750,000	0.40
27.	Tiong Chiong Ong	528,610	0.28
28.	Cartaban Nominees (Tempatan) Sdn. Bhd. - AXA Affin General Insurance Berhad	508,000	0.27
29.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Dimensional Emerging Markets Value Fund	503,530	0.27
30.	Citigroup Nominees (Asing) Sdn. Bhd. - CBHK PBGSG for Mighty Roots Ltd.	443,500	0.24
	Total	**170,339,792**	**90.55**

Excluding 20,866,300 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on the Record of Depositors as at 31 October 2011

Subur Tiasa Holdings Berhad

(Company No. 341792-W)
(Incorporated in Malaysia)

FORM OF PROXY

I/We ____ (Name in full) __________________

(IC/Passport/Company No.) of ____ (Address)

being a member/members of the abovenamed Company hereby appoint ______________________

(Name in full) of ____ (Address)
or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak on Wednesday, 21 December 2011 at 11.30 am and any adjournment thereof.

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

My/our proxy is to vote as indicated below:

No.	Resolutions	For	Against
1	Declaration of a first and final dividend.		
2	Approval of the directors' fees for the financial year ended 31 July 2011.		
3	Approval of the increase of directors' fees for the financial year ending 31 July 2012.		
4	Re-election of Mr. Tiong Kiong King as Director.		
5	Re-appointment of YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as Director.		
6	Re-appointment of Messrs. Ernst & Young as auditors.		
	Special Business		
7	**Ordinary Resolution** Proposed renewal of authority for purchase of own shares by the Company.		
8	**Ordinary Resolution** Proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature.		

Shareholding Represented by Proxy	

Dated this________day of ____________________2011

____
Signature of shareholder(s)/common seal

Notes :-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member appoints more than one proxy to attend the said meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Affix Stamp
Here

The Secretary
Subur Tiasa Holdings Berhad
No 66-78, Pusat Suria Permata
Jalan Upper Lanang, C.D.T. No 123
96000 Sibu, Sarawak
Malaysia

SUBUR TIASA HOLDINGS BERHAD (341792-W)
No. 66 - 78, Pusat Suria Permata, Jalan Upper Lanang,
C. D. T. No. 123, 96000 Sibu, Sarawak, Malaysia.
Tel: +6084 - 211555 Fax: +6084 - 211545
Email: info@suburtiasa.com.my Website: www.suburtiasa.com.my

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