



SANBUMI HOLDINGS BERHAD
(8386-P)

moving ahead

SANBUMI HOLDINGS BERHAD (8386-P)

annual report 2012

2012

annual report

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SANBUMI HOLDINGS BERHAD (8386-P)
ANNUAL REPORT 2012



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43rd ANNUAL GENERAL MEETING

Venue

Conference Room, Second Floor,
Wisma EMC, 972 Jalan Baru,
13700 Prai, Penang

Time

Friday, 14 September 2012 at 10.00 a.m.

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FORM OF
PROXY

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of Sanbumi Holdings Berhad will be held at the Conference Room, Second Floor, Wisma EMC, 972 Jalan Baru, 13700 Prai, Penang on Friday, 14 September 2012 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the 15 months financial period ended 31 March 2012 together with the Directors' and Auditors' Reports thereon. **Please refer to Note A**

AS ORDINARY BUSINESS

2. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:-
- Dato' Chua Tiong Moon **(Resolution 1)**
En Ir Zainurin bin Karman **(Resolution 2)**
3. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to determine their remuneration. **(Resolution 3)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications the following resolutions:-

Ordinary Resolutions

4. **To approve the payment of Directors' fees of RM315,000 for the 15 months financial period ended 31 March 2012** **(Resolution 4)**
5. **Proposed renewal of the authority for the purchase of the Company's own ordinary shares of RM1.00 each of up to ten per centum (10%) of the Company's issued and paid-up share capital** **(Resolution 5)**

"THAT, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby unconditionally and generally authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital through Bursa Securities at anytime and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject further to the following:-

- (i) the maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital as at the point of purchase ("Sanbumi Shares");
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Sanbumi Shares shall not exceed the aggregate retained profits and/or share premium account of the Company;

notice of annual general meeting (cont'd)

- (iii) the authority conferred by this resolution shall commence upon the passing of this ordinary resolution and will continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company (at which time it shall lapse unless by ordinary resolution passed at that meeting the authority is renewed, either unconditionally or subject to conditions), or unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM is required by law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the MMLR of Bursa Securities or any other relevant authority; and
- (iv) upon completion of the purchase(s) of the Sanbumi Shares by the Company, the Directors of the Company be hereby authorised to deal with the Sanbumi Shares in the following manner:-
 - (a) cancel the Sanbumi Shares so purchased; or
 - (b) retain the Sanbumi Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or
 - (c) retain part of the Sanbumi Shares so purchased as treasury shares and cancel the remainder,

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

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient and to enter into any agreements, arrangements and guarantees with any party or parties to implement or to effect the purchase(s) of the Sanbumi Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required by the relevant authorities."

Special Resolution

6. Proposed Amendments to the Articles of Association of the Company

(Resolution 6)

"THAT the Proposed Amendments to the Articles of Association of the Company as contained in the Appendix I attached to the Annual Report 2012 be and are hereby approved and adopted."

- 7. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

MOLLY GUNN CHIT GEOK (MAICSA 0673097)

Company Secretary

Penang

Date: 22 August 2012

notice of annual general meeting (cont'd)

Note A

This Agenda Item is meant for discussion only as the provision of Section 169 (1) of the Companies Act 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

NOTES

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint at least one (1) but not more than two (2) proxies (who need not be members of the Company) to attend and vote on his behalf. The provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for the meeting.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act, 1965.
8. Only members registered in the Record of Depositors as at 6 September shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 4 – To approve the payment of Directors' fees of RM315,000 for the financial period ended 31 March 2012.**

The Ordinary Resolution proposed under item 4 of the agenda, if passed, will authorise the payment of the Directors' fees for the 15 months financial period ended 31 March 2012 amounting to RM315,000.

2. **Resolution 5 – Proposed renewal of the authority for the purchase of the Company's own ordinary shares of RM1.00 each of up to ten per centum (10%) of the Company's issued and paid-up share capital**

The Ordinary Resolution proposed under item 5 of the agenda, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information, please refer to the Statement to Shareholders dated 22 August 2012.

3. **Resolution 6 – Proposed Amendments to the Articles of Association of the Company**

The Special Resolution proposed under item 6 of the agenda, if passed, will update the Articles of Association of the Company to reflect the current provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and to provide clarity to the provisions of certain existing Articles of Association.

appendix I

Proposed Amendments to the Articles of Association of Sanbumi Holdings Berhad

ARTICLE	EXISTING PROVISIONS	AMENDED PROVISIONS
To amend Article 60	<p>In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint at least one but not more than two proxies to attend and vote in his stead at the same meeting. A Proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p>	<p>A member may appoint not more than two proxies to attend at the same meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p>
To insert new Article 60(a)	None	<p>Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</p> <p>An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.</p>

appendix I (cont'd)

<p>To amend Article 86</p>	<p>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p>	<p>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p> <p>A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.</p>
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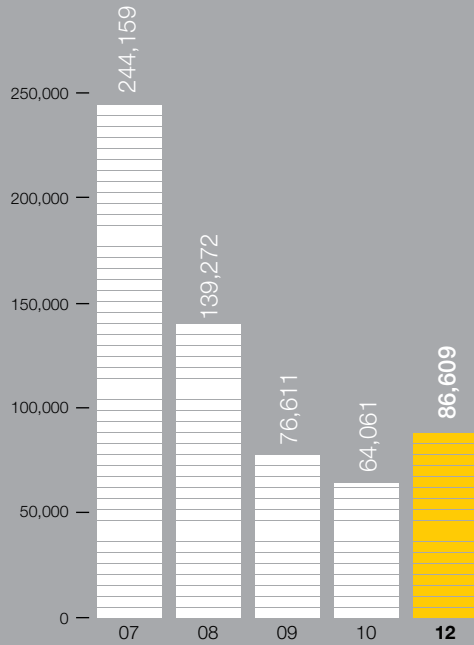
statement accompanying notice of annual general meeting

(Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

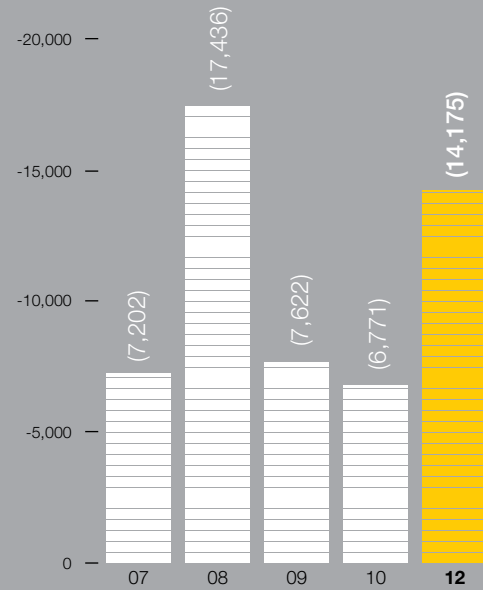
There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

financial highlights

TURNOVER (RM'000)



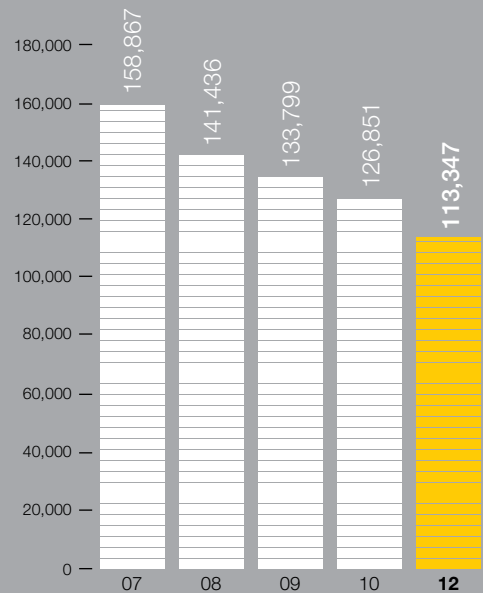
LOSS BEFORE TAXATION (RM'000)



LOSS PER SHARE (SEN)



SHAREHOLDERS EQUITY (RM'000)



corporate information

BOARD OF DIRECTORS

CHAIRMAN / NON-EXECUTIVE DIRECTOR

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
(Appointed 23/02/2001)

MANAGING DIRECTOR

DATO' CHUA TIONG MOON
(Appointed 23/02/2001)

EXECUTIVE DIRECTOR

TAN SRI DATUK CHAI KIN KONG
(Appointed 23/02/2001)

DATO' SRI IR. KUAN PENG CHING @ KUAN PENG SOON
(Appointed 25/04/2011)
(Resigned wef 09/08/2012)

INDEPENDENT NON-EXECUTIVE DIRECTORS

DATO' LEE GEE HUY @ LEE KONG FEE, DSNS, JP
(Appointed 23/02/2001)

IR. ZAINURIN BIN KARMAN
(Appointed 26/08/2005)

LIM THIAN LOONG
(Appointed 08/12/2010)

AUDIT COMMITTEE

CHAIRMAN

LIM THIAN LOONG

MEMBERS

IR. ZAINURIN BIN KARMAN

DATO' LEE GEE HUY @ LEE KONG FEE, DSNS, JP

NOMINATION COMMITTEE

CHAIRMAN

DATO' LEE GEE HUY @ LEE KONG FEE, DSNS, JP

MEMBERS

IR. ZAINURIN BIN KARMAN

LIM THIAN LOONG

REMUNERATION COMMITTEE

CHAIRMAN

DATO' LEE GEE HUY @ LEE KONG FEE, DSNS, JP

MEMBERS

IR. ZAINURIN BIN KARMAN

LIM THIAN LOONG

COMPANY SECRETARY

MOLLY GUNN CHIT GEOK
(MAICSA 0673097)

REGISTERED OFFICE

WISMA EMC
972, JALAN BARU
13700 PRAI
PENANG
TEL : 604 – 390 3699
FAX : 604 – 397 9311

SHARE REGISTRAR

TRICOR INVESTOR SERVICES SDN BHD

LEVEL 17, THE GARDENS NORTH TOWER, MID VALLEY CITY LINGKARAN SYED PUTRA 59200 KUALA LUMPUR
TEL : 603 – 2264 3883
FAX : 603 – 2282 1886

AUDITORS

CROWE HORWATH

Kuala Lumpur Office
(Chartered Accountants)
LEVEL 16 TOWER C
MEGAN AVENUE II
12 JALAN YAP KWAN SENG
50450 KUALA LUMPUR

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
HONG LEONG BANK BERHAD

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA
MALAYSIA SECURITIES BERHAD
STOCK NAME : SANBUMI
STOCK CODE : 9113

corporate structure

(as at 1 August 2012)



SANBUMI HOLDINGS BERHAD (8386-P)

TOURISM SERVICES

- 100% SANBUMI AIR TRANSPORT SDN BHD
- 100% SANBUMI HOLIDAY SDN BHD
- 100% PEWTER ART INDUSTRIES (M) SDN BHD
- 100% TOURISM INFORMATION CENTRE SDN BHD
- 100% FINE TASTE PRODUCTS SDN BHD
- 100% FINE TASTE PRODUCTS (KL) SDN BHD
(Formerly known as North South Hotel Sdn Bhd)
- 100% SRI DONDANG RESTAURANT SDN BHD
- 100% TROPIKS PRODUCTS SDN BHD
- 100% SINORENO JEWELLERY SDN BHD
- 100% NOUVELLE HOTEL SDN BHD
- 100% FINE PEWTERWARE (KL) SDN BHD
(formerly known as M3 Station (SB) Sdn Bhd)
- 100% NOUVELLE RESTAURANT SDN BHD
- 100% NOUVELLE HOTEL (KL) SDN BHD
(formerly known as Barateguh Sdn Bhd)
- 100% NOUVELLE HOTEL (KULAI) SDN BHD
(formerly known as Metro Ajaib Sdn Bhd)

TIMBER TRADING & PROCESSING SERVICES

- 100% SANBUMI SAWMILL SDN BHD
- 100% AKALAJU SDN BHD
- 100% SANBUMI WOOD PROCESSING SDN BHD
- 100% MIRIM TIMBER SDN BHD

GENERAL TRADING & OTHER SERVICES

- 100% EMC CRANES SDN BHD
- 100% EMC WAREHOUSE SERVICES SDN BHD
- 100% EMC MARKETING SDN BHD
- 100% EMC CAPITAL SDN BHD
- 78.50% EMC CRANES (KL) SDN BHD
- 70% EMC CONTAINERS SDN BHD
- 49% FERROTRANS SDN BHD

calendar of significant events



1 February 2011

The Group's venture into the hospitality services business was extended with the opening of its second hotel located at Taman Legenda Putra in Kulajaya, Johor. "Nouvelle Hotel Kulai" is a tourist class hotel and is managed and operated by Nouvelle Hotel (Kulai) Sdn Bhd, a wholly-owned subsidiary company.

25 February 2011

The Board of Directors of Sanbumi Holdings Berhad (the "Company") resolved that the timber production activity of the Group ceased with effect from January 2011.



14 March 2011

The Company acquired the entire issued and paid-up capital of Sinoreno Jewellery Sdn Bhd ("SJ") for a total cash consideration of RM2.00. SJ is to participate under the tourism segment by carrying on the business of trading in costume jewellery and ornaments for the tourist market.

The Company acquired the entire issued and paid-up capital of Fine Taste Products Sdn Bhd ("FTP") for a total cash consideration of RM2.00. FTP is to participate under the tourism segment by carrying on the business of trading in local cottage industry products for the tourist market.



24 March 2011

Dato' Noorazman bin Adnan tendered his resignation as Chairman and Non-Independent & Non-Executive Director of the Company.

28 March 2011

The Company acquired the entire issued and paid-up capital of Tropiks Products Sdn Bhd ("TP") for a total cash consideration of RM2.00. TP is to participate under the tourism segment by carrying on the business of trading in local cottage industry products for the tourist market.

calendar of significant events (cont'd)



27 May 2011

The Company acquired the entire issued and paid-up capital of M3 Station (SB) Sdn Bhd ("M3") and Nouvelle Restaurant Sdn Bhd ("NR") for total cash consideration of RM2.00 each, respectively. M3 and NR are expected to participate under the tourism segment by carrying on the business as restaurant operators to compliment the Groups hospitality, tourism and tourism-related businesses.

23 August 2011

The Company concluded its disposal of six contiguous parcels of freehold land all located in Mukim 6, Daerah Seberang Prai Tengah, Pulau Pinang with the receipt of the full and final payment of the balance purchase price and the satisfaction of all terms and conditions stipulated in the Sale & Purchase Agreement dated 1 July 2010.

26 August 2011

The Company announced the change of its financial year end from 31 December to 31 March and as such the current financial period shall cover a 15 months period from 1 January 2011 to 31 March 2012 and thereafter to end 31 March each financial year.

25 August 2011

Mr. Lim Thian Loong was redesignated as Chairman of the Audit Committee and Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, JP was redesignated as Member of the Audit Committee with immediate effect.

profile of the board of directors

Dato' Rahadian Mahmud bin Mohammad Khalil

Chairman

Age : 38

Nationality : Malaysian

Dato' Rahadian Mahmud bin Mohammad Khalil is a businessman. He has vast experience in various industries throughout his career with active participation in the construction, property development and manufacturing sectors. He also has wide knowledge of the timber industry. He is currently a Director of several private limited companies.

Dato' Rahadian Mahmud bin Mohammad Khalil has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years. He also sits on the Boards of Permaju Industries Berhad as Chairman, KYM Holdings Berhad and Magna Prima Berhad.

Dato' Chua Tiong Moon

Managing Director

Age : 53

Nationality : Malaysian

Dato' Chua Tiong Moon is a businessman and has been involved in the timber industry for over 34 years with extensive experience in timber extraction, sawmilling and plywood operations. Besides being involved in the timber industry, he has also vast experience being primarily responsible for the operations and financial management of companies involved in property development, manufacturing and quarry business. He has been the Chairman of Sanbumi Sawmill Sdn Bhd and Akalaju Sdn Bhd since 1995 as well as Director in several private limited companies under the Sanbumi Group. He also sits on the Board of several other private limited companies.

Dato' Chua Tiong Moon does not hold any directorship in other public companies and has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years.

Tan Sri Datuk Chai Kin Kong

Executive Director

Age : 53

Nationality : Malaysian

Tan Sri Datuk Chai Kin Kong is a businessman and has been involved in the timber industry for over 39 years and has wide experience and knowledge of the industry. Besides being involved in the timber industry, he has also vast experience being primarily responsible for the management of companies involved in property development, hospitality services and tourism services. He has been the Managing Director primarily responsible for the operations and financial management of Akalaju Sdn Bhd and all subsidiary companies involved in the tourism services segment under the Sanbumi Group as well as Director in several private limited companies under the Sanbumi Group. He also sits on the Board of several other private limited companies.

Tan Sri Datuk Chai Kin Kong has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years. He also sits on the Boards of Fajarbaru Builder Group Berhad and KLC Forest Plantation Berhad.

profile of the board of directors (cont'd)

Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, JP

Director

Age : 64

Nationality : Malaysian

Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, JP is a Barrister. He obtained his Licence-In-Law from Buckingham University, United Kingdom, Barrister-At-Law at Lincoln's Inn, London and Master in Law (L.L.M) from Universiti Kebangsaan Malaysia. He has over 27 years experience practicing as an Advocate & Solicitor.

Dato' Lee Gee Huy @ Lee Kong Fee, J.P. has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years. He also sits on the Board of Fajarbaru Builder Group Berhad.

Ir. Zainurin bin Karman

Director

Age : 47

Nationality : Malaysian

Ir. Zainurin bin Karman is a qualified Civil Engineer graduated from Syracuse University of New York, U.S.A. and is registered with the Board of Engineers, Malaysia as a Professional Engineer, a member of the Institution of Engineers Malaysia and also a member of the Malaysian Water Association. He is currently the Managing Director of RE Consultant Sdn Bhd.

Ir. Zainurin bin Karman does not hold any directorship in other public companies and has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years.

Lim Thian Loong

Director

Age : 48

Nationality : Malaysian

Lim Thian Loong is an accountant by profession. He graduated with The Chartered Institute of Management Accountants (CIMA) from London. He is also a member of the Malaysian Institute of Accountants (MIA) and the Chartered Tax Institute of Malaysia (CTIM). He has over 10 years experience in accounting, auditing and taxation and has been practicing as a sole practitioner under his own firm since 2002.

Lim Thian Loong has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years. He also sits on the Board of Eastland Equity Berhad (Formerly known as Furqan Business Organisation Berhad).

chairman's statement

On behalf of the Board of Directors of Sanbumi Holdings Berhad, I present the Annual Report and the Audited Financial Statements of the Group and the Company for the 15 months financial period ended 31 March 2012.



CHANGE OF FINANCIAL YEAR END

The Board had on 26 August 2011 approved a resolution to change the financial year end of the Company and of the Group from 31 December to 31 March. Accordingly, the Annual Report and the Audited Financial Statements of the Group and the Company hereby presented covers a 15 month period commencing 1 January 2011 and ending 31 March 2012.

GENERAL OVERVIEW

The world economy entered 2011 with expectations for a healthy economic growth supported by the optimism of a strong rebound in 2010. However, adverse developments in several major economies led to the continuous downward revision to this global economic growth optimism. Increasing uncertainties surrounding fiscal issues, natural disasters, heightened volatility in international financial markets, inflationary pressures, rising commodity prices, elevated fuel prices and rising concern on the escalation in the sovereign debt crisis in the euro area were the key contributors to the dampened sentiments. Economic expansion in Asia also softened following the widespread global economic slowdown.

The Malaysian economy, despite the adversities and challenges of the global environment, recorded a moderate growth of 5.1% (2010:7.2%) driven mainly by strong domestic and firm regional demands. The services sector grew strongly in 2011 with the robust support from both private and public sector consumption. The services sector remained the largest contributor to the Malaysian economic growth. [Source: BNM Annual Report 2011].

FINANCIAL PERFORMANCE OVERVIEW

With the change in the financial year end from 31 December to 31 March, the financial performance overview presented for the Sanbumi Group will cover a 15 month financial period commencing 1 January 2011 to 31 March 2012 (or the 'Current Financial Period').

The Current Financial Period is the first period in which the Group's financial performance will almost entirely depend on the performances of its Tourism segment. As in the previous year, the Current Financial Period once again witnessed the Group aggressively being involved in the expansion of its tourism business segment with the opening of its second hotel in Kulajjaya, Johor and the expansion of its venture in the profitable tourism and tourism related product trading business with the opening of three new

chairman's statement (cont'd)

trading outlets in strategic locations in line with the Group's effort to diversify into a major player in the local tourism industry.

The Group's revenue for the Current Financial Period stood at RM86.6 million (2010: RM64.1 million) with the Tourism segment contributing approximately 98.9% (2010: 34.9%) and the Others segment providing the remainder. In line with the Group's planned exit from the timber business, no revenue was derived from this segment. The Group loss before tax for the Current Financial Period stood at RM14.2 million (2010: loss before tax of RM6.8 million).

OPERATIONS REVIEW

Tourism Services Segment

The Group's tourism related business activities registered revenue from external sales of approximately RM85.6 million for the Current Financial Period as compared to approximately RM22.4 million registered in the preceding financial year. The significant increase in revenue, despite only a three month extended period for the Current Financial Period was mainly due to the higher contributions from the existing hotel and tourism related trading businesses coupled with the additional contributions derived from the newly opened hotel and trading businesses. The higher revenue is also attributed by the improved volume of tourist with high buying power from mainland China.



Despite recording a favourable increase in revenue, the Tourism Services segment recorded a pre-tax loss of approximately RM10.6 million during the Current Financial Period as opposed to approximately RM1.1 million pre-tax loss recorded in the preceding financial year. The pre-tax loss for the Current Financial Period was mainly attributable to the high depreciation cost and the allowances for impairment losses which collectively accounted for a charge of approximately RM9.2 million to the statement of comprehensive income.

Timber Segment

In line with the Group's planned exit from the timber segment, the timber related business activities did not register any revenue from external sales for the Current Financial Period. The segment recorded a pre-tax loss of RM2.6 million for the Current Financial Period as opposed to the RM4.6 million pre-tax loss recorded

in the preceding financial year. The pre-tax loss for the Current Financial Period was mainly attributable to the depreciation cost and the allowances for impairment losses which collectively accounted for a charge of approximately RM2.4 million to the statement of comprehensive income.

Others Segment

The Group's other trading and services activities registered annual revenue from external sales of approximately RM1.0 million as compared to approximately RM1.5 million registered in the preceding financial year and a pre-tax loss of approximately RM1.0 million for the Current Financial Period as opposed to approximately RM1.1 million pre-tax loss recorded in the preceding financial year.

chairman's statement (cont'd)



CORPORATE DEVELOPMENT

The Company has no new corporate proposals announced, issued or pending completion as at the date of this statement.

CORPORATE RESPONSIBILITY

As a responsible corporate citizen, the Group is fully aware of the possible impact of its operations to the society and is committed to work towards minimising adversities that may be caused without compromising the interests of its shareholders, customers and employees. Through proper corporate governance, the Group ensures that its businesses are conducted in compliance with applicable legal and regulatory requirements. The Group continuously works towards striking a balance in creating or adding value to investments for its shareholders, fulfill its customer demands and provide for its employee needs within its means. In the spirit of fulfilling its social responsibility to the community the Group continuously extends financial support by way of sponsorships and donations towards community related activities, schools and charity homes.

OUTLOOK

The global economic recovery is expected to be slow in the year ahead amid the ongoing sovereign debt crisis in the advanced economies. Despite the challenging external environment and the possible impact arising from the impending General Elections, the Malaysian economy is projected to experience a steady pace of growth of 4-5% (2011:5-6%) in 2012 with domestic demand expected to remain resilient and continue to anchor growth.

As for the Group, the financial year ending 31 March 2013 is expected to be a highly challenging year in view of the unfavourable external factors. Nonetheless, the Board is optimistic that these factors would not materially affect the inflow of tourist into the country. Greater emphasis is to be placed on all present and future ventures relating to the tourism services segment where growth is expected to sustain. The Board will continue its effort to rationalize, consolidate and cease, if necessary, any of the Group's business so as to optimize all available resources.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the management team and all employees of the Company and the Group for their commitment and dedication in performing their duties and responsibilities.

I would also wish to thank our shareholders, bankers, customers and business associates for all the support and cooperation extended and look forward to their continued support.

**Dato' Rahadian Mahmud bin
Mohammad Khalil**

Chairman

corporate governance statement

The Malaysian Code on Corporate Governance (Revised 2007) (“the Code”) sets out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Directors (“the Board”) of Sanbumi Holdings Berhad has always been supportive of the adoption of the principles and best practices as set out in the Code. The Board is committed to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the performance of the Company.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the best practices of good governance as set out in Part 1 and Part 2 respectively of the Code pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) throughout the period save where otherwise identified.

The statement below sets out how the Group has applied the principles and the extent of its compliance with the best practices throughout the 15 months financial period ended 31 March 2012.

A. THE BOARD OF DIRECTORS

(i) The Board

Sanbumi Holdings Berhad is led and controlled by an experienced Board, many of whom have intimate knowledge of the business.

The Board is responsible for the control and proper management of the Company. The Board has delegated specific responsibilities to three main committees, namely, the Audit, Nomination and Remuneration Committees, which operate within approved terms of reference. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters however lies with the entire Board.

(ii) Board Composition

The Current Board consists of a Non-Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The roles of the Chairman and the Managing Director are separated and clearly defined. Generally, the Chairman is responsible for encouraging debate on issues and brings to the Board a healthy level of deliberation and independence, whilst the Managing Director has primary responsibilities for the day to day operations of the Company in ensuring that strategies, policies and matters approved by the Board and/or the respective Board Committees are effectively implemented. There is proper balance in the Board because of the presence of Independent Non-Executive Directors of the calibre and experience necessary to carry sufficient weight in Board decisions. A brief profile of each Director is set out in the Directors’ Profile in this Annual Report.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the three main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

corporate governance statement (cont'd)

A. THE BOARD OF DIRECTORS (CONT'D)

(iii) Board meetings

The annual calendar of at least four meetings is agreed at the beginning of each year, with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, appointment of Directors are discussed and decided by the Board.

During the 15 months financial period ended 31 March 2012, six (6) Board Meetings were held. The attendance record of each Director is as follows:-

Board of Directors' Meeting		Feb '11	Apr '11	May '11	Aug '11	Nov '11	Feb '12		
Directors	Position	Attendance						Total	%
Dato' Rahadian Mahmud bin Mohammad Khalil	Chairman	•	•	•	•	X	•	5/6	83.33
Dato' Chua Tiong Moon	Managing Director	•	•	•	•	•	•	6/6	100.00
Tan Sri Datuk Chai Kin Kong	Executive Director	•	•	•	X	•	•	5/6	83.33
Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, JP	Director	•	•	•	•	•	•	6/6	100.00
Ir. Zainurin bin Karman	Director	•	•	•	•	•	•	6/6	100.00
Lim Thian Loong	Director	•	•	•	•	•	•	6/6	100.00
Dato' Sri Ir Kuan Peng Ching @ Kuan Peng Soon <i>(Appointed on 25 April 2011)</i> <i>(Resigned wef 9 August 2012)</i>	Executive Director	N/A	N/A	•	•	•	•	4/4	100.00

Total number of meetings held:

(iv) Supply of Information

All Directors are provided with an agenda and a set of board papers issued in sufficient time prior to the Board meetings to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary.

corporate governance statement (cont'd)

A. THE BOARD OF DIRECTORS (CONT'D)

(iv) Supply of Information (cont'd)

In addition, there is a schedule of matters reserved specifically for the Board's decision, including amongst others, the approval of financial results and forecasts, reports on matters raised at the meetings of the Audit Committee, other major operational, financial and legal issues, corporate policies and procedures, Group operational plan and budget, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

In exercising their duties, the Directors have access to all information within the Group. All Directors have access to the advice and services of the Company Secretary and are updated on new statutory regulations or requirements concerning their duties and responsibilities. There is also a formal procedure sanctioned by the Board of Directors, whether as a full board or in their individual capacity, to obtain independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

(v) Appointments to the Board

The Nomination Committee comprises Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, JP (Independent Non-Executive Director) who is the Chairman, Mr Lim Thian Loong (Independent Non-Executive Director) and Ir. Zainurin bin Karman (Independent Non-Executive Director).

The Nomination Committee assists the Board on the following functions:

- (i) recommending to the Board and assessing the nominees for directorship and board committee members
- (ii) recommending on the re-election of directors due for retirement under the Articles of Association of the Company taking into account the directors' contribution
- (iii) overseeing and reviewing annually the independence of and suitability of the existing directors, identifying the mix of skills, experience and other qualities, including core competencies which non-executive directors should bring to the Board

During the 15 months financial period ended 31 March 2012, the Nomination Committee had two (2) meetings on 25 February 2011 and 22 April 2011 and were attended by all members.

(vi) Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office. Provided always that all Directors shall retire from office once at least in each three years but shall be eligible for re-election.

corporate governance statement (cont'd)

A. THE BOARD OF DIRECTORS (CONT'D)

(vii) Directors' Training

As required under the Main Market Listing Requirements of Bursa Securities, all the Directors have attended the Directors' Mandatory Accreditation Programme. The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the 15 months financial period ended 31 March 2012, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

Dato' Chua Tiong Moon

- Boardroom & Reporting Excellence 22 April 2011

Tan Sri Datuk Chai Kin Kong

- Boardroom & Reporting Excellence 22 April 2011

Dato' Rahadian Mahmud bin Mohammad Khalil

- Boardroom & Reporting Excellence 22 April 2011

Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, JP

- Boardroom & Reporting Excellence 22 April 2011

Ir Zainurin bin Karman

- Boardroom & Reporting Excellence 22 April 2011

Dato' Sri Ir Kuan Peng Ching @ Kuan Peng Soon

- Continuing Listing Requirements 14 November 2011

Lim Thian Loong

- Workshop on Corporate Tax Issues For YA 2011 18 February 2011
- Boardroom & Reporting Excellence 22 April 2011
- 2011 Budget Seminar 15 October 2011

B. DIRECTORS' REMUNERATION

(i) Remuneration Committee

The Remuneration Committee comprises, Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, JP (Independent Non-Executive Director) who is the Chairman, Ir. Zainurin bin Karman (Independent Non-Executive Director) and Mr Lim Thian Loong (Independent Non-Executive Director).

During the 15 months financial period ended 31 March 2012, the Remuneration Committee had a meeting on 28 February 2012 which was attended by all members.

(ii) Remuneration Policy

The Remuneration Committee recommends to the Board for approval the remuneration package of Executive Directors. The remuneration system takes into account individual performance and experience, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors. The fees of the Directors are subject to shareholders approval at the Annual General Meeting.

corporate governance statement (cont'd)

B. DIRECTORS' REMUNERATION (CONT'D)

(iii) Details of the Directors' remuneration

The details of the remuneration of the Directors on Group basis for the 15 months financial period ended 31 March 2012 are as follows:-

(All figures in RM)	Executive Directors	Non-Executive Directors
Salary	877,500	-
Fees	126,000	189,000
Bonus	-	-
Benefits-in-kind	-	-
Total	1,003,500	189,000

The number of Directors whose remuneration falls into the following bands of RM50,000 is shown below :-

	Executive Directors	Non-Executive Directors
Below RM50,000	1	4
RM450,001 – RM500,000	2	-
Total	3	4

The Board is of the opinion that the disclosure of Directors' remuneration through the "band disclosure" is sufficient to meet the objectives of the Code. They feel that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

C. RELATIONS WITH SHAREHOLDERS

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through Bursa Link, press releases, annual report and circular to shareholders.

Any queries and concerns regarding the Group may be conveyed to the following person:-

Lim Thian Loong : Senior Independent Non-Executive Director
 Telephone number : 03-6272 7242
 Facsimile number : 03-6277 3795

Shareholders and members of the public are invited to access the Company's website at www.sanbumi.com.my and Bursa Securities website at www.bursamalaysia.com.my to obtain the latest information on the Group.

corporate governance statement (cont'd)

C. RELATIONS WITH SHAREHOLDERS (CONT'D)

The Annual General Meeting (“AGM”) is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group’s businesses. Shareholders are notified of the meeting and provided with a copy of the Company’s Annual Report 21 days before the meeting. All Directors are available to provide responses to questions from shareholders during this meeting. External Auditors are also present to provide their professional and independent clarification on issues and concerns raised by shareholders. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Directors have a responsibility to present a balanced, true and fair assessment of the Groups’ financial position and prospects primarily through the annual report to shareholders and quarterly financial statements to the Bursa Securities.

The Audit Committee assists the Board in reviewing the information disclosed to ensure accuracy, adequacy and completeness of all annual and quarterly reports, audited or unaudited, and approved by the Board of Directors before releasing to the Bursa Securities.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 30 of this Annual Report.

(ii) Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. The system of internal control covers risk management and financial, organisational, operational and compliance controls. The internal control system helps to safeguard shareholders’ investment and the Group’s assets. However, in view of the inherent limitations in any system, such internal control systems are designed to manage rather than to eliminate risks that may impede the achievements of the Group’s objectives. The systems can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses. Internal control monitoring will be carried out all year round by the Company’s Internal Auditor.

The information on the Group’s internal control is presented in the Statement on Internal Control set out on page 31.

(iii) Relationship with the External Auditors

The Audit Committee’s terms of reference formalises the relationship with the External Auditors to report to the members of the Company on their findings which are included as part of the Company’s financial reports with respect to each year’s audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the External Auditors to meet their professional requirements and seeking professional advice and ensuring compliance with accounting standards. In the course of audit of the Group’s operation, the External Auditors have highlighted to the Audit Committee and the Board on matters that require the Board’s attention. The role of the Audit Committee in relation to the External Auditors is described on page 27 of this Annual Report.

additional compliance information

a) *Variations in actual results from those previously announced or released*

There are no material differences in the actual results of the Group and the Company for the 15 months financial period ended 31 March 2012 reported herein as compared to the unaudited results for the same period announced previously.

The Company did not announce any corporate exercise or issue any profit estimate, forecast or projection during the 15 months financial period ended 31 March 2012.

b) *Share buybacks*

- (i) The Company purchased its own shares during the 15 months financial period ended 31 March 2012, details of which are disclosed below:

Month of purchase	No. of shares purchased and retained as Treasury Shares	Purchase price per share		Average price per share RM	Total consideration RM
		Lowest RM	Highest RM		
November	5,000	0.2450	0.2450	0.2450	1,267.37
TOTAL	5,000	0.2450	0.2450	0.2450	1,267.37

- (ii) All shares repurchased are retained as treasury shares and none of these shares were resold or cancelled during the financial period.
- (iii) Details of shares retained as treasury shares during the 15 months financial period ended 31 March 2012 are as follows:

	No. of shares retained as Treasury Shares
As at 1 January 2011	15,056,800
Movements during the period	5,000
As at 31 March 2012	15,061,800

c) *Options, warrants or convertible securities exercised*

The Company has not issued any options, warrants or convertible securities during the 15 months financial period ended 31 March 2012.

d) *Depository Receipts programme sponsored*

The Company has not sponsored any Depository Receipts programme during the 15 months financial period ended 31 March 2012.

additional compliance information (cont'd)

e) *Particulars of material contracts involving Directors'*

Save as disclosed below, there are no contracts of the Company or its subsidiary companies, which are or may be material, involving Directors' still subsisting as at the end of the 15 months financial period ended 31 March 2012:

- i) Service Agreement dated 31 December 2007 between Sanbumi Holdings Berhad ("the Company") and Tan Sri Datuk Chai Kin Kong whereby the Company agrees to employ Tan Sri Datuk Chai Kin Kong as Executive Director of the Company for a term of 5 years with effect from 1 November 2007. The remuneration of the Executive Director shall be a fixed salary of RM25,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any directors' fees payable to him under the Articles of Association of the Company, payable in arrears.
- ii) Service Agreement dated 20 August 2010 between Sanbumi Holdings Berhad ("the Company") and Dato' Chua Tiong Moon whereby the Company agrees to employ Dato' Chua Tiong Moon as the Managing Director of the Company for a term of 3 years with effect from 1 July 2010. The remuneration of the Managing Director shall be a fixed salary of RM25,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any directors' fees payable to him under the Articles of Association of the Company, payable in arrears.

f) *Sanctions and/or penalties imposed*

The Company was not imposed any sanctions and/or penalties by regulatory authorities during the 15 months financial period ended 31 March 2012.

g) *Comparison of profit achieved with the profit guarantee*

The Company did not issue any profit guarantee during the 15 months financial period ended 31 March 2012.

h) *Utilisation of proceeds from corporate proposals*

There were no corporate proposals or fund raising exercise announced but not completed during the 15 months financial period ended 31 March 2012.

i) *Conviction for offences*

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

j) *Non-audit fee*

There were no fees paid/payable to the external auditors for non-audit services provided during the 15 months financial period ended 31 March 2012.

k) *Recurrent related party transactions*

There were no recurrent transactions entered into by the Company or its subsidiary companies with related parties during the 15 months financial period ended 31 March 2012.

audit committee report

Chairman

Lim Thian Loong

(Independent Non-Executive Director)

Members

Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, JP
Ir. Zainurin bin Karman

(Independent Non-Executive Director)

(Independent Non-Executive Director)

TERMS OF REFERENCE

1. MEMBERSHIP

- 1.1 The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-
 - (a) the Committee must be composed of no fewer than 3 members, a majority of whom must be independent directors;
 - (b) all members of the Audit Committee shall be non-executive directors and should be financially literate; and
 - (c) at least one member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- 1.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.
- 1.3 No alternate director should be appointed as a member of the Committee.
- 1.4 In the event of any vacancy in the Committee resulting in the non-compliance of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad pertaining to the composition of the Audit Committee, the Board of Directors shall within three months of that event fill the vacancy.
- 1.5 The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

audit committee report (cont'd)

2. MEETINGS

2.1 Frequency

2.1.1 Meetings shall be held not less than four times a year.

2.1.2 Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

2.2 Quorum

2.2.1 To form a quorum the majority of members present must be independent directors.

2.3 Secretary

2.3.1 The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

2.4 Attendance

2.4.1 The Head of Finance, the Internal Auditor and a representative of the external auditors shall normally attend meetings.

2.4.2 Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

2.4.3 The Committee should meet with the external auditors without any executive Board members present at least twice a year.

2.5 Reporting Procedure

2.5.1 The minutes of each meeting shall be circulated to all members of the Audit Committee.

2.5.2 The Audit Committee shall report to the Board on any key issues affecting the Company.

2.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

audit committee report (cont'd)

3. RIGHTS

- 3.1 The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:
- (a) have authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;
 - (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of Company, whenever deemed necessary.

4. FUNCTIONS

The Committee shall, amongst others, discharge the following functions:

4.1 To review:-

- (a) the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (i) the going concern assumption;
 - (ii) changes in or implementation of major accounting policy changes;
 - (iii) significant and unusual events; and
 - (iv) compliance with accounting standards and other legal requirements.
- (b) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions on management integrity.
- (c) with the external auditors:
 - (i) the audit plan;
 - (ii) his evaluation of the system of internal controls;
 - (iii) his audit report;
 - (v) his management letter and management's response; and
 - (v) the assistance given by the Company's employees to the external auditors;

4.2 To monitor the management's risk management practices and procedures.

4.3 In respect of the appointment of external auditors:

- (a) to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;
- (b) to consider the nomination of a person or persons as external auditors and to determine the audit fee;
- (c) to consider any questions of resignation or dismissal of external auditors.

audit committee report (cont'd)

4. FUNCTIONS (CONT'D)

4.4 In respect of the internal audit function:

- (a) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work and that it reports directly to the Audit Committee;
- (b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (c) to review any appraisal or assessment of the performance of members of the internal audit function;
- (d) to approve any appointment or termination of senior staff members of the internal audit function; and
- (e) to inform itself of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.5 To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

4.6 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

During the 15 months financial period ended 31 March 2012, there were six (6) Audit Committee Meetings held. The details of the attendance of each member are as follows:-

Audit Committee Meeting		Feb '11	Apr '11	May '11	Aug '11	Nov '11	Feb '12		
Committee Members	Position	Attendance						Total	%
Lim Thian Loong	Chairman	•	•	•	•	•	•	6/6	100
Ir. Zainurin bin Karman	Member	•	•	•	•	•	•	6/6	100
Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, JP	Member	•	•	•	•	•	•	6/6	100

Total number of meetings held:

6

audit committee report (cont'd)

SUMMARY OF ACTIVITIES

In discharging its functions and duties in accordance with its Terms of Reference, the Audit Committee had carried out the following activities during the 15 months financial period ended 31 March 2012:-

- (i) reviewed and discussed the audit plan for the financial year presented by the external auditors;
- (ii) reviewed and discussed the Group's unaudited quarterly results together with the relevant reports and make recommendations to the Board of Directors for approval;
- (iii) reviewed the internal auditors' reports on its findings, recommendations and the corrective actions, if any, taken by the management;
- (iv) reviewed the annual financial statements of the Company and its subsidiaries together with the external auditors' reports and discussed various audit and accounting issues.

INTERNAL AUDIT FUNCTION

The Internal Auditor reports directly to the Audit Committee on internal audit findings, its recommendations and the corrective action, if any, taken or to be taken by the management.

During the year, the Internal Auditor carried out structured assessment and review on the effectiveness of the system of internal controls in the Company as well as its selected subsidiary companies. The Internal Auditor highlighted the findings and provided suitable recommendations for improvement, where appropriate. Internal Audit Reports were presented to the Audit Committee on a quarterly basis.

directors' responsibility statement

(Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

We, the Directors of Sanbumi Holdings Berhad hereby acknowledge that, in the opinion of the Directors, the accompanying financial statements have been drawn up in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and of the results of the operations and cash flows of the Group and of the Company for the 15 months financial period ended on that date.

On behalf of the Board

**DATO' RAHADIAN MAHMUD BIN
MOHAMMAD KHALIL**
Chairman

DATO' CHUA TIONG MOON
Managing Director

statement on internal control

(Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Regulatory Framework

Sanbumi Group is committed to embrace the Malaysian Code of Corporate Governance and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Statement describes the internal control framework practised throughout the business operations of the Group in general, and the processes that made up the framework in particular.

2. Accountability of the Board

The Board has overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity.

In establishing the Group's system of internal control, the following criteria are taken into consideration:-

- * systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.
- * the system is a continuous process for identifying, evaluating and managing the significant risks faced by the Group.

The Board delegates to the senior management, the implementation of the systems of internal control within an established framework throughout the Group.

3. An Integrated Risk Management and Control Framework

The key elements of the Group's risk management and internal control system are as follows:-

- 3.1 Comprehensive financial reports are supplied to the Audit Committee and the Board on a quarterly basis for review and if necessary corrective action to be taken.
- 3.2 Budgets for each operating unit are prepared annually and periodic review is carried out together with the Management. The results are communicated to the Board on a timely basis.
- 3.3 A clearly defined organisational and hierarchical structure outlining line of reporting and job responsibilities with strong risk control culture at the operational level.
- 3.4 In ensuring that each operating unit is functioning efficiently, emphasis is placed on personnel employed where the integrity and competence of personnel are ensured through recruitment evaluation process.
- 3.5 The Board, Audit Committee and Management regularly review the internal audit reports and monitor the status of the implementation of recommendations to address internal control weaknesses noted.
- 3.6 Regular reporting made to the Board at its meetings of corporate, legal, accounting and environmental developments, in turn facilitates the prioritisation of risk issues for the Sanbumi Group to plan its resources and address the risk accordingly.

statement on internal control (cont'd)

4. Internal Audit

The internal audit function highlights issues to executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The extent of compliance is reported to the Audit Committee on a regular basis. The Audit Committee in turn reviews the effectiveness of the system of internal control in operation and reports the results thereon to the Board.

The cost incurred for the internal audit function in respect of the 15 months financial period ended 31 March 2012 was RM30,320.

5. Effectiveness of Internal Control

The Board is of the view that the existing system of internal controls is sound and adequate to safeguard the Group's assets at the existing level of operations. Consequently, there were neither material internal control weaknesses nor significant problems that had arisen during the financial period.

6. Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Internal Control for inclusion in the annual report of the Group for the period ended 31 March 2012 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

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directors' report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the 15 months financial period ended 31 March 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF FINANCIAL YEAR END

The financial year end of the Company and all its subsidiaries was changed from 31 December to 31 March. Accordingly, the financial statements of the Group and of the Company for the financial period ended 31 March 2012 cover a 15 month period as compared to the 12-month period ended 31 December 2010.

RESULTS

	Group	Company
	RM'000	RM'000
Loss after taxation for the financial period	<u>(13,523)</u>	<u>(65,204)</u>
Attributable to:		
Owners of the Company	(13,503)	(65,204)
Non-controlling interests	(20)	-
	<u>(13,523)</u>	<u>(65,204)</u>

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

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial period.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period have been disclosed in the financial statements.

directors' report (cont'd)

ISSUES OF SHARES AND DEBENTURES

During the financial period,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial period, the Company repurchased 5,000 of its issued ordinary shares from the open market at an average price of RM0.245 per share. The total consideration paid for the repurchase including transaction costs amounted to RM1,269. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2012, the Company held as treasury shares a total of 15,061,800 of its 189,238,348 issued ordinary shares. The treasury shares are held at a carrying amount of RM11,359,065. Relevant details on the treasury shares are disclosed in Note 19 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount with they might be expected so to realise.

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

directors' report (cont'd)

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 37 to the financial statements. In the interval between the end of the financial period and the date of this report, there does not exist:-

- (i) any charge which has arisen on the assets of the Group and of the Company which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen in the Group and in the Company.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

DIRECTORS

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

Dato' Rahadian Mahmud Bin Mohammad Khalil

Tan Sri Datuk Chai Kin Kong

Dato' Chua Tiong Moon

Dato' Lee Gee Huy @ Lee Kong Fee, DSNS, J. P.

Ir. Zainurin Bin Karman

Lim Thian Loong

Dato' Sri Ir. Kuan Peng Ching @ Kuan Peng Soon (Appointed on 25 April 2011)

directors' report (cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares in the Company during the financial period are as follows:-

	Number Of Ordinary Shares Of RM1 Each			At 31.3.2012
	At 1.1.2011	Bought	Sold	
<i>Direct Interests</i>				
Tan Sri Datuk Chai Kin Kong	13,994,070	-	5,300,000	8,694,070
Dato' Chua Tiong Moon	11,250,362	-	-	11,250,362
<i>Indirect Interests</i>				
Tan Sri Datuk Chai Kin Kong	2,198,113	-	-	2,198,113
Dato' Chua Tiong Moon	2,198,113	-	-	2,198,113

The other directors holding office at the end of the financial period had no interests in shares in the Company or its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amounts of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a company in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period of the Group and of the Company are disclosed in Note 40 to the financial statements.

directors' report (cont'd)

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period of the Group and of the Company are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

**Signed In Accordance With A Resolution Of The Directors
Dated 30 July 2012**

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Director

DATO' CHUA TIONG MOON
Director

statement by directors

We, Dato' Rahadian Mahmud Bin Mohammad Khalil and Dato' Chua Tiong Moon, being two of the directors of Sanbumi Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 42 to 103 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2012 and of their results and cash flows for the financial period ended on that date.

The supplementary information set out in Note 43, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

**Signed In Accordance With A Resolution Of The Directors
Dated 30 July 2012**

DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Director

DATO' CHUA TIONG MOON
Director

statutory declaration

I, Dato' Chua Tiong Moon, being the director primarily responsible for the financial management of Sanbumi Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 42 to 103 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Dato' Chua Tiong Moon, at Kuala Lumpur in the Federal Territory
on this 30 July 2012

DATO' CHUA TIONG MOON

Before me

DATIN HAJAH RAIHELA WANCHIK (NO. W – 275)
Commissioner for Oaths
Kuala Lumpur

independent auditors' report

to the members of Sanbumi Holdings Berhad (Incorporated in Malaysia) (8386-P)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Sanbumi Holdings Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 103.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with 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 of 31 March 2012 and of their financial performance and cash flows for the financial period then ended.

Emphasis of Matter

Without qualifying our opinion, we wish to draw attention on Note 12(b) to the financial statements. The Group has not made an allowance for impairment loss on log purchase advances of approximately RM2.24 million due from a supplier which has been outstanding for more than one year, as the directors are of the opinion that the debts are recoverable.

independent auditors' report (cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 43 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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.

Crowe Horwath

Firm No: AF 1018
Chartered Accountants

Kuala Lumpur
30 July 2012

Ooi Song Wan

Approval No: 2901/10/12 (J)
Chartered Accountant

statements of financial position

at 31 March 2012

	Note	Group		Company	
		31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	50,162	53,896	6,077	6,136
Prepaid lease payments	6	1,906	-	-	-
Investment properties	7	2,151	2,151	2,151	2,151
Investments in subsidiaries	8	-	-	61,244	124,750
Investment in an associate	9	-	-	-	-
Amount owing by subsidiaries	13	-	-	7,800	7,800
		54,219	56,047	77,272	140,837
CURRENT ASSETS					
Inventories	10	3,003	239	-	-
Trade receivables	11	4,017	5,893	318	275
Other receivables, deposits and prepayments	12	29,339	47,403	1,554	2,076
Amount owing by subsidiaries	13	-	-	17,043	19,811
Amount owing by an associate	14	-	-	-	-
Tax refundable		713	1,187	-	-
Fixed deposits with licensed banks	16	24,650	950	23,700	-
Cash and bank balances		13,965	15,187	958	681
		75,687	70,859	43,573	22,843
Non-current assets held for sale	15	-	24,282	-	24,282
TOTAL ASSETS		129,906	151,188	120,845	187,962

The annexed notes from an integral part of these financial statements.

statements of financial position (cont'd)

	Note	Group		Company	
		31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	189,238	189,238	189,238	189,238
Retained profits/ (Accumulated losses)	18	23,688	35,873	(77,473)	(13,587)
Treasury shares	19	(11,359)	(11,358)	(11,359)	(11,358)
Other reserves	20	21,408	22,726	19,826	21,144
Merger deficit	21	(109,628)	(109,628)	-	-
SHAREHOLDERS' EQUITY		113,347	126,851	120,232	185,437
MINORITY INTERESTS		72	92	-	-
TOTAL EQUITY		113,419	126,943	120,232	185,437
NON-CURRENT LIABILITIES					
Term loan	22	4,770	4,985	-	-
Deferred tax liabilities	23	185	2,099	-	1,905
		4,955	7,084	-	1,905
CURRENT LIABILITIES					
Trade payables	24	3,086	4,777	-	-
Other payables and accruals		6,093	7,412	557	565
Amount owing to subsidiaries	13	-	-	25	24
Provision for taxation		2,173	1,456	31	31
Short-term borrowings	25	180	3,516	-	-
		11,532	17,161	613	620
TOTAL LIABILITIES		16,487	24,245	613	2,525
TOTAL EQUITY AND LIABILITIES		129,906	151,188	120,845	187,962

The annexed notes from an integral part of these financial statements.

statements of comprehensive income

for the 15 months financial period ended 31 March 2012

	Note	Group		Company	
		1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
REVENUE	26	86,609	64,061	761	1,030
COST OF SALES		(72,117)	(63,929)	-	-
GROSS PROFIT		14,492	132	761	1,030
OTHER INCOME	27	1,915	6,646	569	402
		16,407	6,778	1,330	1,432
DISTRIBUTION COSTS		(96)	(1,886)	(41)	(30)
ADMINISTRATIVE EXPENSES		(15,917)	(8,579)	(3,046)	(1,935)
OTHER EXPENSES		(14,003)	(2,841)	(65,352)	(1,721)
FINANCE COSTS		(566)	(243)	-	-
LOSS BEFORE TAXATION	28	(14,175)	(6,771)	(67,109)	(2,254)
INCOME TAX EXPENSE	29	652	(173)	1,905	-
LOSS AFTER TAXATION		(13,523)	(6,944)	(65,204)	(2,254)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL PERIOD/YEAR		(13,523)	(6,944)	(65,204)	(2,254)
LOSS AFTER TAXATION/TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(13,503)	(6,945)	(65,204)	(2,254)
Non-controlling interests		(20)	1	-	-
		(13,523)	(6,944)	(65,204)	(2,254)
LOSS PER SHARE (SEN)					
- Basic	30	(7.75)	(3.99)		
- Diluted	30	Not applicable	Not applicable		

The annexed notes from an integral part of these financial statements.

statements of changes in equity

for the 15 months financial period ended 31 March 2012

Group	Attributable to Owners of the Company										Non- controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Share Treasury Shares RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Retained Profits RM'000	Shareholders' Equity RM'000				
Balance at 1.1.2010	189,238	14,788	(11,355)	1,582	6,356	(109,628)	42,818	133,799		91	133,890	
Loss after taxation/ Total comprehensive expenses for the financial year	-	-	-	-	-	-	(6,945)	(6,945)		1	(6,944)	
Contributions by and Distributions to the owners of the Company: - Purchase of treasury shares	-	-	(3)	-	-	-	-	(3)		-	(3)	
Balance at 31.12.2010/ 1.1.2011	189,238	14,788	(11,358)	1,582	6,356	(109,628)	35,873	126,851		92	126,943	
Loss after taxation/ Total comprehensive expenses for the financial period	-	-	-	-	-	-	(13,503)	(13,503)		(20)	(13,523)	
Realisation of revaluation reserve	-	-	-	-	(1,318)	-	1,318	-		-	-	
Contributions by and Distributions to the owners of the Company: - Purchase of treasury shares	-	-	(1)	-	-	-	-	(1)		-	(1)	
Balance at 31.3.2012	189,238	14,788	(11,359)	1,582	5,038	(109,628)	23,688	113,347		72	113,419	

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

statements of changes in equity (cont'd)

Company	← Non – Distributable Reserves →					Total RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	
Balance at 1.1.2010	189,238	14,788	(11,355)	6,356	(11,333)	187,694
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	(2,254)	(2,254)
Contributions by and Distributions to the owners of the Company:						
- Purchase of treasury shares	-	-	(3)	-	-	(3)
Balance at 31.12.2010/ 1.1.2011	189,238	14,788	(11,358)	6,356	(13,587)	185,437
Loss after taxation/Total comprehensive expenses for the financial period	-	-	-	-	(65,204)	(65,204)
Realisation of revaluation reserve	-	-	-	(1,318)	1,318	-
Contributions by and Distributions to the owners of the Company:						
- Purchase of treasury shares	-	-	(1)	-	-	(1)
Balance at 31.3.2012	189,238	14,788	(11,359)	5,038	(77,473)	120,232

The annexed notes from an integral part of these financial statements.

statements of cash flows

for the 15 months financial period ended 31 March 2012

	Group		Company	
	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Loss before taxation	(14,175)	(6,771)	(67,109)	(2,254)
Adjustments for:-				
Impairment losses on receivables	1,622	105	-	-
Amortisation of prepaid lease payments	194	120	-	-
Bad debts written off	177	10	-	-
Depreciation of property, plant and equipment	5,985	3,192	59	65
Impairment loss on:				
- investment properties	-	573	-	573
- property, plant and equipment	4,065	700	-	-
- investment in subsidiaries	-	-	63,806	110
- amount owing by subsidiaries	-	-	1,545	1,038
Interest expense	562	242	-	-
Inventories:				
- written down	312	-	-	-
- written off	291	-	-	-
Property, plant and equipment written off	1,868	-	-	-
Bad debt recovered	(240)	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	111	(4,844)	-	-
Gain on disposal of investment in a subsidiary	-	(369)	-	(369)
Gain on disposal of prepaid lease payments	-	(387)	-	-
Interest income	(595)	(70)	(561)	(33)
Reversal of impairment losses on receivables	(20)	(55)	(8)	-
Unrealised gain on foreign exchange	(18)	(71)	-	-
Operating (profit)/loss before working capital changes	139	(7,625)	(2,268)	(870)
(Increase)/Decrease in inventories	(2,608)	9,739	-	-
Decrease/(Increase) in trade and other receivables	18,401	19,372	486	(1,642)
(Decrease)/Increase in trade and other payables	(2,992)	3,505	(7)	(38)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD	12,940	24,991	(1,789)	(2,550)

The annexed notes from an integral part of these financial statements.

statements of cash flows (cont'd)

	Note	Group		Company	
		1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		12,940	24,991	(1,789)	(2,550)
Income tax (paid)/refunded		(71)	285	-	-
Interest paid		(562)	(242)	-	-
Interest received		595	70	561	33
NET CASH FROM/(FOR) OPERATING ACTIVITIES		12,902	25,104	(1,228)	(2,517)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Additional investment in subsidiaries		-	(1,311)	(300)	(1,311)
Disposal of a subsidiary		-	1,680	-	1,680
Net repayment from subsidiaries		-	-	1,224	27
Purchase of prepaid lease payment		(2,100)	-	-	-
Purchase of property, plant and equipment		(9,656)	(37,882)	-	-
Proceeds from disposal of property, plant and equipment		602	7,969	-	-
Proceeds from disposal of prepaid lease payments		-	1,776	-	-
Proceeds from disposal of assets held for sale		24,282	-	24,282	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		13,128	(27,768)	25,206	396
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Drawdown of term loan		-	5,000	-	-
(Repayment)/Drawdown of bankers' acceptances		(3,501)	3,501	-	-
Repayment of hire purchase obligations		-	(374)	-	-
Repayment of term loan		(50)	-	-	-
Treasury shares acquired		(1)	(3)	(1)	(3)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		(3,552)	8,124	(1)	(3)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS CARRIED FORWARD		22,478	5,460	23,977	(2,124)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		16,137	10,677	681	2,805
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	31	38,615	16,137	24,658	681

The annexed notes from an integral part of these financial statements.

notes to the financial statements

for the 15 months financial period ended 31 March 2012

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business is at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang.

The financial statements are expressed in Ringgit Malaysia (“RM”).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 July 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards (“FRS”) and the Companies Act 1965 in Malaysia.

- (a) During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

notes to the financial statements (cont'd)

3. BASIS OF PREPARATION (CONT'D)

(a) FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvements to FRSs (2010)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial period with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent. The Group has applied FRS 127 (Revised) prospectively during the current financial period with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 39(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

Furthermore, the amendments to FRS 101 (Revised) also clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

notes to the financial statements (cont'd)

3. BASIS OF PREPARATION (CONT'D)

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 1 Government Loans	1 January 2013
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

notes to the financial statements (cont'd)

3. BASIS OF PREPARATION (CONT'D)

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to international Financial Reporting Standards.

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

The Group's next set of financial statements for the annual period beginning on 1 April 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards. As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 January 2012.

In representing its first MFRSs financial statements, the Group will quantify the financial effects of the differences between the current FRSs and MFRSs. The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRSs due to the ongoing assessment by the management. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 2013.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. However, changes in the expected level of usage and related commercial factors may impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (cont'd)

(ii) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) *Impairment of Non-Financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) *Classification between Investment Properties and Owner-Occupied Properties*

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(v) *Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (cont'd)

(vi) *Write-down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vii) *Impairment of Available-for-Sale Financial Assets*

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(viii) *Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(ix) *Revaluation of Properties*

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(b) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Functional and Foreign Currencies (cont'd)

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables financial assets, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are recorded initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (cont'd)

(iii) *Equity Instruments*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) *Treasury Shares*

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners. Gain or loss on disposal to non-controlling interests is recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation (cont'd)

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

(i) Merger accounting for common control business combinations

The acquisition resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS3. The merger accounting is used by the Group to account for such common control business combination.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial period.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the dated of transfer. No amount is recognised in respect of goodwill an excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial period.

Sanbumi Sawmill Sdn. Bhd. and its subsidiaries ("Sanbumi Sawmill Group") and Akalaju Sdn. Bhd. are consolidated using the merger method of accounting. These subsidiaries were consolidated prior to 1 July 2001 in accordance with the Malaysian Accounting Standards 2 – Accounting for Acquisitions and Mergers, which was the generally accepted accounting principles prevailing at that time.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation (cont'd)

(ii) Acquisition method of accounting for non-common control business combinations

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Business combinations from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(e) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Goodwill (cont'd)

Business combinations from 1 April 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 April 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statements of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Investments in Associates

An associate is an entity in which the Company or the Group has a long-term equity interest and over whose financial and operating policies the Company or the Group has the power to exercise significant influence through board representation. Investments in associates are stated at cost in the statement of financial position of the Company and of the Group and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The results of the associates are accounted for under the equity method, based on the financial statements of the associates made up to the end of the reporting period.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Freehold land is stated at valuation less impairment losses, if any and is not depreciated.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, Plant and Equipment (cont'd)

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2% - 10%
Mobile cranes and heavy vehicles	5% - 10%
Plant, machinery, tools and equipment	8% - 20%
Barges, motor vehicles and forklifts	10% - 20%
Office equipment, renovation, furniture and fittings	10% - 33%

Freehold land and buildings are revalued periodically, at least once in every five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each end of the reporting period 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 the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

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

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment

(i) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) *Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which FRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (cont'd)

(ii) *Impairment of Non-Financial Assets (cont'd)*

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(j) Prepaid Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the profit or loss on a straight-line basis over the remaining lease terms.

(k) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(l) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 4(h) to the financial statements.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revaluation Reserve

Surpluses arising from the revaluation of properties are credited to the revaluation reserve account. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the profit or loss.

In the year of disposal of the revalued asset, the attributable remaining revaluation surplus is transferred from the revaluation reserve account to retained profits.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for obsolete, slow-moving and defective inventories.

The cost of consumable stores and trading goods are determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing such items to their present location and condition.

(o) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income Taxes (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

(q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(s) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

(ii) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue Recognition (cont'd)

(iii) *Interest Income*

Interest income is recognised on accrual basis, based on the effective yield on the investment.

(iv) *Rental and Management Fee*

Rental and management fee are recognised on an accrual basis.

(t) Employee Benefits

(i) *Short-term Benefits*

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) *Defined Contribution Plans*

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) *Termination Benefits*

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

(u) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

notes to the financial statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Related Parties (cont'd)

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(v) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(w) Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Upon classification as held for sale, non-current assets or components of a disposal group are not depreciated and are measured at the lower of their carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(x) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

notes to the financial statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land And Buildings	Short-Term Leasehold Buildings	Mobile Crane And Heavy Vehicles	Plant, Machinery, Tools And Equipment	Motor Vehicles And Forklifts	Office Equipment, Renovation, Furniture And Fittings	Work-in Progress	Total
Net book value as at 1.1.2011	8,263	7,000	111	1,228	3,634	24,233	9,427	53,896
Additions	-	-	-	-	1,724	2,944	4,988	9,656
Transfer	-	2,808	-	-	-	9,500	(13,067)	(759)
Disposals	-	-	-	(2)	-	(711)	-	(713)
Written off	-	-	-	-	-	(520)	(1,348)	(1,868)
Impairment loss	-	(1,032)	(90)	(226)	(250)	(2,467)	-	(4,065)
Depreciation charge	(50)	(229)	(21)	-	(841)	(4,844)	-	(5,985)
Net book value as at 31.3.2012	8,213	8,547	-	1,000	4,267	28,135	-	50,162
Net book value as at 1.1.2010	14,607	1,402	132	2,793	6,246	4,149	-	29,329
Additions	-	7,000	-	-	-	21,455	9,427	37,882
Disposals	-	(1,011)	-	(261)	(1,743)	(110)	-	(3,125)
Impairment loss	-	-	-	(700)	-	-	-	(700)
Transferred to assets held for sale (Note 15)	(6,298)	-	-	-	-	-	-	(6,298)
Depreciation charge	(46)	(391)	(21)	(604)	(869)	(1,261)	-	(3,192)
Net book value as at 31.12.2010	8,263	7,000	111	1,228	3,634	24,233	9,427	53,896
As at 31.3.2012								
At cost	-	9,808	208	3,829	7,920	38,732	-	60,497
At valuation - 2008	8,921	-	-	-	-	-	-	8,921
Accumulated impairment losses	-	(1,032)	(90)	(926)	(250)	(2,467)	-	(4,765)
Accumulated depreciation	(708)	(229)	(118)	(1,903)	(3,403)	(8,130)	-	(14,491)
Net book value	8,213	8,547	-	1,000	4,267	28,135	-	50,162
As at 31.12.2010								
At cost	-	7,000	208	3,829	6,196	29,052	9,427	55,712
At valuation - 2008	8,936	-	-	-	-	-	-	8,936
Accumulated impairment losses	-	-	-	(700)	-	-	-	(700)
Accumulated depreciation	(673)	-	(97)	(1,901)	(2,562)	(4,819)	-	(10,052)
Net book value	8,263	7,000	111	1,228	3,634	24,233	9,427	53,896

notes to the financial statements (cont'd)

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

Group	Freehold Land And Buildings RM'000	Short- Term Leasehold Buildings RM'000	Mobile Crane And Heavy Vehicles RM'000	Plant, Machinery, Tools And Equipment RM'000	Barges, Motor Vehicles And Forklifts RM'000	Office Equipment, Renovation, Furniture And Fittings RM'000	Total RM'000
Carrying value, had the assets been carried at cost less accumulated depreciation and impairment losses, at							
- 31.03.2012	5,249	-	-	-	-	-	5,249
- 31.12.2010	5,267	-	-	-	-	-	5,267

Company	Freehold Land And Buildings RM'000	Office Equipment, Furniture and Fittings RM'000	Total RM'000
Net book value as at 1.1.2011	6,112	24	6,136
Depreciation charge	(49)	(10)	(59)
Net book value as at 31.03.2012	6,063	14	6,077
Net book value as at 1.1.2010	12,456	43	12,499
Transferred to assets held for sale (Note 15)	(6,298)	-	(6,298)
Depreciation charge	(46)	(19)	(65)
Net book value as at 31.12.2010	6,112	24	6,136

notes to the financial statements (cont'd)

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

Company	Freehold Land And Buildings RM'000	Office Equipment, Furniture and Fittings RM'000	Total RM'000
As at 31.3.2012			
At cost	-	996	996
At valuation - 2008	6,786	-	6,786
Accumulated depreciation	(723)	(982)	(1,705)
Net book value	6,063	14	6,077
As at 31.12.2010			
At cost	-	996	996
At valuation - 2008	6,786	-	6,786
Accumulated depreciation	(674)	(972)	(1,646)
Net book value	6,112	24	6,136
Carrying value, had the assets been carried at cost less accumulated depreciation and impairment losses, at			
- 31.3.2012	3,099	-	3,099
- 31.12.2010	3,117	-	3,117

The freehold land and buildings were revalued in year 2008 by the directors using the open market value basis based on the comparison method carried out by an independent firm of professional valuers.

6. PREPAID LEASE PAYMENTS

	Group	
	31.3.2012 RM'000	31.12.2010 RM'000
Carrying amount	2,100	1,788
Accumulated amortisation	(194)	(399)
Disposal during the financial period/year	-	(1,389)
Net book value	1,906	-

notes to the financial statements (cont'd)

6. PREPAID LEASE PAYMENTS (CONT'D)

	Group	
	31.3.2012	31.12.2010
	RM'000	RM'000
Accumulated amortisation:-		
At start of financial period/year	-	(279)
Amortisation for the financial period/year	(194)	(120)
Disposal during the financial period/year	-	399
At end of financial period/year	(194)	-

The prepaid lease payments of the Group represent the exclusive rights to carry out trading businesses in the premises of a third party.

7. INVESTMENT PROPERTIES

	Group/Company	
	31.3.2012	31.12.2010
	RM'000	RM'000
At fair value:-		
Freehold land and building		
At start of financial period/year	2,151	20,708
Transferred to assets held for sale (Note 15)	-	(17,984)
Impairment loss	-	(573)
At end of financial period/year	2,151	2,151

Investment properties were revalued in the year 2008 by the directors using the indicative open market value based on the comparison method of valuation as carried out by an independent firm of professional valuers.

Investment properties represent commercial properties leased to third parties.

notes to the financial statements (cont'd)

7. INVESTMENT PROPERTIES (CONT'D)

Included in the statements of comprehensive income relating to investment properties during the financial period/year are the following items:

	Group/Company	
	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Rental income	315	310
Direct operating expenses	96	69

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.3.2012 RM'000	31.12.2010 RM'000
Unquoted shares, at cost	137,190	136,890
Impairment loss:-		
At start of financial period/year	(12,140)	(12,030)
Addition during the financial period/year	(63,806)	(110)
At end of financial period/year	(75,946)	(12,140)
	61,244	124,750

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

Name Of Company	Effective Equity Interest		Principal Activities
	31.3.2012	31.12.2010	
	%	%	
Sanbumi Sawmill Sdn. Bhd. #	100	100	Timber log traders.
Akalaju Sdn. Bhd.	100	100	Dormant.
Sanbumi Wood Processing Sdn. Bhd. *	100	100	Dormant.
Nouvelle Hotel (KL) Sdn. Bhd. (formerly known as Barateguh Sdn. Bhd.) *	100	100	Hotelier.

notes to the financial statements (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:- (cont'd)

Name Of Company	Effective Equity Interest		Principal Activities
	31.3.2012	31.12.2010	
	%	%	
Nouvelle Hotel (Kulai) Sdn. Bhd. (formerly known as Metro Ajaib Sdn. Bhd.) *	100	100	Hotelier.
Mirim Timber Sdn. Bhd. *	100	100	Dormant.
EMC Cranes Sdn. Bhd.	100	100	Dormant.
EMC Cranes (K.L.) Sdn. Bhd.	78.50	78.50	Dormant.
EMC Capital Sdn. Bhd.	100	100	Insurance agent.
EMC Containers Sdn. Bhd.	70	70	Dormant.
EMC Warehouse Services Sdn. Bhd.	100	100	Rendering of warehouse services.
EMC Marketing Sdn. Bhd.	100	100	Trading in industrial equipment, supplies and lubricants.
Sanbumi Holiday Sdn. Bhd.	100	100	Travel agent.
Sanbumi Air Transport Sdn. Bhd.	100	100	Carrier, transport provider and travel agent.
Pewter Art Industries (M) Sdn. Bhd.	100	100	Trading in pewterware and souvenirs.
Tourism Information Centre Sdn. Bhd.	100	100	Trading in local products, operating restaurant and engaged in business relating to tourism industry.
Sri Dondang Restaurant Sdn. Bhd.	100	100	Dormant.
North South Hotel Sdn. Bhd.	100	100	Dormant.
Nouvelle Hotel Sdn. Bhd.	100	100	Dormant.
Fine Taste Products Sdn. Bhd.	100	-	Trading in local cottage industry products primarily relating to tourism industry.

notes to the financial statements (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:- (cont'd)

Name Of Company	Effective Equity		Principal Activities
	Interest		
	31.3.2012	31.12.2010	
	%	%	
Sinoreno Jewellery Sdn. Bhd.	100	-	Trading in costume jewellery primarily relating to tourism industry.
Tropiks Products Sdn. Bhd.	100	-	Trading in local cottage industry products primarily relating to tourism industry.
M3 Station (SB) Sdn. Bhd.	100	-	Dormant.
Nouvelle Restaurant Sdn. Bhd.	100	-	Dormant.

* The audit report of this subsidiary contained an emphasis of matter which has been highlighted in the audit report of the Group and of the Company.

* Interest held by Sanbumi Sawmill Sdn. Bhd.

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	637	637	637	637
Impairment loss	-	-	(637)	(637)
	637	637	-	-
Share of post-acquisition accumulated losses	(637)	(637)	-	-
	-	-	-	-

notes to the financial statements (cont'd)

9. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information of the associate is as follows:-

	31.3.2012	31.12.2010
	RM'000	RM'000
Assets and Liabilities		
Current assets	120	129
Current liabilities	1,465	1,469
Results		
Loss for the financial period	(4)	(4)

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name Of Company	Effective Equity		Principal Activities
	Interest		
	31.3.2012	31.12.2010	
	%	%	
Ferrotrans Sdn. Bhd.	49	49	Rendering of warehouse services and sale of diesel.

The Group has discontinued the recognition of its share of losses of the associate because the share of losses has exceeded the Group's interest in the associate. The Group's unrecognised cumulative share of losses of the associate amounted to RM41,916 (2010 – RM40,116) at the end of the reporting period.

notes to the financial statements (cont'd)

10. INVENTORIES

	Group	
	31.3.2012	31.12.2010
	RM'000	RM'000
At Cost		
Goods held for resale	2,483	239
At Net Realisable Value		
Consumable stores	520	-
	3,003	239

11. TRADE RECEIVABLES

	Group		Company	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Trade receivables	13,122	13,768	318	275
Allowance for impairment Losses				
At start of financial period/year	(7,875)	(7,799)	-	-
Addition for the financial period/year	(1,622)	(79)	-	-
Writeoff during the financial period/year	380	3	-	-
Reversal of allowance no longer required	12	-	-	-
At end of financial period/year	(9,105)	(7,875)	-	-
	4,017	5,893	318	275

The Group's normal trade credit terms vary from cash terms to 90 days.

notes to the financial statements (cont'd)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
<u>Current</u>				
Other receivables, deposits and prepayments	40,474	58,546	2,515	3,045
Allowance for impairment losses				
At start of financial period/year	(11,143)	(11,172)	(969)	(969)
Addition for the financial period/year	-	(26)	-	-
Reversal of allowance no longer required	8	55	8	-
At end of financial period/year	(11,135)	(11,143)	(961)	(969)
	29,339	47,403	1,554	2,076

Included in other receivables, deposits and prepayments of the Group is an amount of RM25,490,201 (2010 – RM37,240,201) in respect of the remaining balances of the log purchase advances made to the following three (3) log suppliers in the previous financial years:

(a) Log purchase advances owing by Saingan Mewah Sdn Bhd (“SMSB”) and Wasiat Pasifik Sdn Bhd (“WPSB”)

In September 2011, SMSB, one of the log suppliers, made a request to reschedule the repayment of the remaining outstanding balance of RM19.86 million, due to delay in its procurement of funds for this purpose. In the interval between the request date and at the end of the reporting period, SMSB continued to pay and reduced its debt to RM11.86 million.

WPSB has reduced its debt to RM11.39 million by a repayment of RM2 million during the current financial period.

On 5 July 2012, SSSB received a letter from Datuk Lim Yen Ngjap (“Datuk Lim”), stating that he has taken over control of SMSB and WPSB, another log supplier, and has proposed a repayment schedule for the settlement of the balances of the log advances owing to SSSB by SMSB and WPSB of RM11.86 million and RM11.39 million, respectively.

notes to the financial statements (cont'd)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- (a) Log purchase advances owing by Saingan Mewah Sdn Bhd ("SMSB") and Wasiat Pasifik Sdn Bhd ("WPSB")
(cont'd)

On 24 July 2012, SSSB entered into an agreement ("the Agreement") with Datuk Lim for the settlement of the total debts due to SSSB by SMSB and WPSB totalling RM23.25 million ("the Debts"). The salient terms of the Agreement are as follows:

- (i) a sum of RM5 million shall be paid to SSSB upon the execution of the Agreement;
 - (ii) the remaining balance of RM18.25 million shall be paid to SSSB within the next (6) months from the date of the Agreement ("the Second Payment"). As a guarantee for the Second Payment, a property situated in Seberang Perai Tengah, Pulau Pinang, comprising of a land area of 6,595 square meters ("the said Property") shall be pledged to SSSB as a collateral and SSSB is at liberty to lodge Lien Holder's Caveat on the said Property; and
 - (iii) no extension of time will be granted in respect of the Second Payment due to SSSB.
- (b) An amount of approximately RM2.24 million (2010-RM3.99 million) owing by a log supplier, Dynamerit Sdn Bhd has been outstanding for more than a year. The Group has collected RM1.75 million during the current financial period and RM0.7 million subsequent to the end of the reporting period.

The directors having considered all available information relating to the debts due by the above log suppliers and are confident that the debts will be recovered in full. Accordingly, the directors are of the opinion that no additional allowance for impairment loss is required.

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	31.3.2012 RM'000	31.12.2010 RM'000
Amount owing by:-		
<u>Non-current</u>		
Quasi loans	7,800	7,800
<u>Current</u>		
Non-trade balances	24,241	25,464
Allowance for impairment losses		
At start of financial period/year	(5,653)	(4,615)
Addition for the financial period/year	(1,545)	(1,038)
At end of financial period/year	(7,198)	(5,653)
	17,043	19,811
	24,843	27,611

notes to the financial statements (cont'd)

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D)

	Company	
	31.3.2012	31.12.2010
	RM'000	RM'000
Amount owing to:-		
<u>Current</u>		
Non-trade balances	(25)	(24)

(a) Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

(b) The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

14. AMOUNT OWING BY AN ASSOCIATE

	Group/Company	
	31.3.2012	31.12.2010
	RM'000	RM'000
Amount owing by an associate	1,011	1,011
Impairment losses	(1,011)	(1,011)
	-	-

The amount owing is non-trade in nature, unsecured and interest-free.

15. NON-CURRENT ASSETS HELD FOR SALE

The details of the non-current assets held for sale in the previous financial year were as follows:

	Note	Group/Company	
		31.3.2012	31.12.2010
		RM'000	RM'000
<u>Non-current assets held for sale</u>			
Property, plant and equipment (Note 5)	(a)	-	6,298
Investment properties (Note 7)	(b)	-	17,984
		-	24,282

notes to the financial statements (cont'd)

15. NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

The carrying amount of the property, plant and equipment held for sale were as follows:-

	Group/Company	
	31.3.2012	31.12.2010
	RM'000	RM'000
Note (a)		
At fair value	-	6,353
Accumulated depreciation	-	(55)
	-	6,298

Note (b)

The investment properties held for sale in the previous financial year were carried at fair value less costs to sell.

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits bore effective interest rates ranging from 3.0% to 3.35% (2010 - 2.25% to 3.0%) per annum at the end of the reporting period. The fixed deposits have maturity periods ranging from 1 to 15 months (2010 - 12 to 15 months).

17. SHARE CAPITAL

	Company			
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	Number Of Shares ('000)		RM'000	RM'000
Ordinary Shares Of RM1 Each:-				
Authorised	250,000	250,000	250,000	250,000
Issued and Fully Paid-Up	189,238	189,238	189,238	189,238

notes to the financial statements (cont'd)

18. RETAINED PROFITS (ACCUMULATED LOSSES)

Group	← Pre-Merger Profit/(Loss) →			Total RM'000
	The Company And Its Subsidiaries Accounted For Under Acquisition Method Of Accounting RM'000	Subsidiaries Accounted For Under Merger Accounting RM'000	Post- Merger Profit RM'000	
Balance at 1.1.2010	(24,880)	51,807	15,891	42,818
Current year loss	-	-	(6,945)	(6,945)
Balance at 31.12.2010/ 1.1.2011	(24,880)	51,807	8,946	35,873
Realisation of revaluation reserve	-	-	1,318	1,318
Current period loss	-	-	(13,503)	(13,503)
Balance at 31.3.2012	(24,880)	51,807	(3,239)	23,688

19. TREASURY SHARES

During the financial period, the Company repurchased 5,000 of its issued ordinary shares from the open market at an average price of RM0.245 per share. The total consideration paid for the repurchase including transaction costs amounted to RM1,269. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965, and presented as a deduction from shareholders' equity.

Of the total 189,238,348 (2010 - 189,238,348) issued and fully paid-up ordinary shares as at the end of the reporting period, 15,061,800 ordinary shares (2010 - 15,056,800) are held as treasury shares by the Company. None of the treasury shares was resold or cancelled during the financial period.

notes to the financial statements (cont'd)

20. OTHER RESERVES

	Group		Company	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Share Premium	14,788	14,788	14,788	14,788
Revaluation Reserve	5,038	6,356	5,038	6,356
Capital Reserve	1,582	1,582	-	-
	21,408	22,726	19,826	21,144

The revaluation reserve comprises:-

Surplus on revaluation of property, plant and equipment

At 1 January	6,356	6,356	6,356	6,356
Realisation during the financial period/year	(1,318)	-	(1,318)	-
At 31.3.2012/31.12.2010	5,038	6,356	5,038	6,356

The capital reserve represents post-acquisition profits in subsidiaries utilised for the issue of bonus shares by certain subsidiaries.

The other reserves are not distributable by way of dividends.

21. MERGER DEFICIT

	Group	
	31.3.2012	31.12.2010
	RM'000	RM'000
Non-Distributable		
Arising from the merger with Sanbumi Sawmill Sdn. Bhd. and Akalaju Sdn. Bhd.	(109,628)	(109,628)

The merger deficit relates to the difference between the nominal value of shares issued for the purchase of the subsidiaries amounting to RM127,628,623 and the nominal value of the shares acquired amounting to RM18,000,000.

notes to the financial statements (cont'd)

22. TERM LOAN

	Group	
	31.3.2012 RM'000	31.12.2010 RM'000
Current portion:		
- not later than one year (Note 25)	180	15
Non-current portion:		
- later than one year and not later than two years	195	184
- later than two years and not later than five years	693	646
- later than five years	3,882	4,155
Total non-current portion	4,770	4,985
	4,950	5,000

The term loan of the Group bore an effective interest rate of 7.80% (2010 -7.80%) per annum at the end of the reporting period and is secured by:

- (i) a personal guarantee of a director of the Group; and
- (ii) a corporate guarantee of the Company.

The term loan is repayable in 179 instalments of RM47,208 each and a final instalment of RM46,902, commencing from December 2011.

23. DEFERRED TAX LIABILITIES

	Group		Company	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
At 1.1.2011/2010	2,099	2,009	1,905	1,905
Recognised in profit or loss (Note 29)	(1,914)	90	(1,905)	-
At 31.3.2012/31.12.2010	185	2,099	-	1,905

notes to the financial statements (cont'd)

23. DEFERRED TAX LIABILITIES (CONT'D)

The components of the deferred tax liabilities are as follows:-

	Group		Company	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Accelerated capital allowances	185	194	-	-
Revaluation surplus of property, plant and equipment	-	586	-	586
Revaluation surplus of investment properties	-	1,319	-	1,319
	185	2,099	-	1,905

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from cash terms to 90 days.

25. SHORT-TERM BORROWINGS

	Group	
	31.3.2012	31.12.2010
	RM'000	RM'000
Bankers' acceptances	-	3,501
Term loan (Note 22)	180	15
	180	3,516

The bankers' acceptances of the Group in the previous financial year bore effective interest rates ranging from 3.01% to 3.11% per annum at the end of the reporting period. The bankers' acceptances have maturity periods ranging from 107 days to 118 days.

The bankers' acceptances of the Group were secured by:-

- (i) a fixed and floating charge over the assets of a subsidiary; and
- (ii) a corporate guarantee of the holding company.

notes to the financial statements (cont'd)

26. REVENUE

	Group		Company	
	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010
	RM'000	RM'000	RM'000	RM'000
Sale of goods	69,583	40,442	-	-
Services	14,503	22,901	-	-
Rental income	2,517	718	755	898
Management fee	6	-	6	132
	86,609	64,061	761	1,030

27. OTHER INCOME

	Group		Company	
	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010	1.1.2011 to 31.3.2012	1.1.2010 to 31.12.2010
	RM'000	RM'000	RM'000	RM'000
Bad debt recovered	240	-	-	-
Gain on disposal of investment in a subsidiary	-	369	-	369
Gain on disposal of property, plant and equipment	-	4,844	-	-
Gain on disposal of prepaid lease payments	-	387	-	-
Interest income	595	70	561	33
Realised gain on foreign exchange	592	186	-	-
Rental income	158	443	-	-
Reversal of impairment losses on receivables	20	55	8	-
Unrealised gain on foreign exchange	18	71	-	-
Others	292	221	-	-
	1,915	6,646	569	402

notes to the financial statements (cont'd)

28. LOSS BEFORE TAXATION

In addition to Note 27 to the financial statements, the loss before taxation is arrived at after charging:-

	Group		Company	
	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Impairment losses on receivables	1,622	105	-	-
Amortisation of prepaid lease payments	194	120	-	-
Audit fee				
- for the current financial period/year	172	153	33	37
- (over)/underprovision in the previous financial year	(2)	21	3	-
Bad debts written off	177	10	-	-
Depreciation of property, plant and equipment	5,985	3,192	59	65
Directors' fees	315	252	315	252
Directors' other emoluments	878	702	878	702
Interest expense:				
- bank overdraft	-	154	-	-
- hire purchase	-	38	-	-
- bankers' acceptances	9	25	-	-
- term loan	553	25	-	-
Inventories written down	312	-	-	-
Impairment loss on:				
- investment properties	-	573	-	573
- property, plant and equipment	4,065	700	-	-
- investment in subsidiaries	-	-	63,806	110
- amount owing by subsidiaries	-	-	1,545	1,038
Loss on disposal of property, plant and equipment	111	-	-	-
Preliminary expenses written off	-	5	-	-
Realised loss on foreign exchange	6	-	-	-
Rental of equipment	110	2	-	-
Rental of premises	5,493	698	108	86
Staff costs:				
- salaries, wages, bonuses, and allowances	5,707	3,738	420	302
- defined contribution plan	594	314	59	39
- other benefits	530	209	19	14
Inventories written off	291	-	-	-
Property, plant and equipment written off	1,868	-	-	-

notes to the financial statements (cont'd)

29. INCOME TAX EXPENSE

	Group		Company	
	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Current tax expense:				
- for the financial period/year	1,250	185	-	-
- under/(over) provision in the previous financial year	12	(102)	-	-
	1,262	83	-	-
Deferred tax expense (Note 23):				
- for the current financial period/year	27	90	-	-
- overprovision in the previous financial period/year	(1,941)	-	(1,905)	-
	(1,914)	90	(1,905)	-
	(652)	173	(1,905)	-

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

	Group		Company	
	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Loss before taxation	(14,175)	(6,771)	(67,109)	(2,254)
Tax at the statutory tax rate of 25%	(3,544)	(1,693)	(16,777)	(564)
Tax effects of:-				
Non-deductible expenses	634	1,113	16,391	476
Non-taxable gains	(5)	(534)	-	(92)
Utilisation of deferred tax assets not recognised in the previous financial year	(44)	(40)	-	-
Deferred tax assets not recognised during the financial period/year	4,195	1,587	386	180
Double deduction of expenses	41	(158)	-	-
Under/(Over) provision in the previous financial year:				
- current tax	12	(102)	-	-
- deferred tax	(1,941)	-	(1,905)	-
Tax for the financial period/year	(652)	173	(1,905)	-

notes to the financial statements (cont'd)

29. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets are recognised on the following items:-

	Group		Company	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	52,326	50,447	3,624	2,246
Unabsorbed capital allowances	35,537	20,814	2,507	2,341
	87,863	71,261	6,131	4,587

30. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss after tax of the Group attributable to shareholders of RM13,502,842 (2010 - RM6,945,286) by the weighted average number of ordinary shares (excluding treasury shares) in issue during the financial year of 174,180,112 (2010 - 174,181,548 ordinary shares in issue).

The diluted earnings per share is not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

31. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks (Note 16)	24,650	950	23,700	-
Cash and bank balances	13,965	15,187	958	681
	38,615	16,137	24,658	681

notes to the financial statements (cont'd)

32. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Company during the financial period/year in bands of RM50,000 are as follows:-

Group/Company	1.1.2011 to 31.3.2012		1.1.2010 to 31.12.2010	
	No. of directors	RM	No. of directors	RM
Directors' fee:				
Below RM50,000				
- executive directors	3	126,000	2	72,000
- non executive directors	4	189,000	5	180,000
	7	315,000	7	252,000
Directors' other emoluments				
Between RM350,001 and RM450,000				
- executive directors	2	877,500	2	702,000

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties:-

- (i) the Company has related party relationships with its subsidiaries as disclosed in Note 8 to the financial statements;
- (ii) the directors who are the key management personnel; and
- (iii) entities controlled by certain key management personnel/directors/substantial shareholders.

notes to the financial statements (cont'd)

33. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the information detailed elsewhere in the financial statements, the Company carried out the following transactions with its related parties during the financial year:

(i) Subsidiaries

	Company	
	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Rental received/receivable	6	180
Management fee received/receivable	86	132

(ii) Key Management Personnel

	Group		Company	
	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Short-term employee benefits	1,193	954	1,193	954

Key management personnel comprises executive and non-executive directors of the Group who have authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly.

notes to the financial statements (cont'd)

33. RELATED PARTY DISCLOSURES (CONT'D)

(b) (iii) Entities Controlled by Key Management Personnel/Directors/ Substantial Shareholders

	Group	
	31.3.2012	31.12.2010
	RM'000	RM'000
Rintisan Bumi (M) Sdn. Bhd.*		
- Office rental payable	-	4
Amount owing to:		
Rintisan Bumi (M) Sdn Bhd*	-	2,552

* Tan Sri Datuk Chai Kin Kong and Dato' Chua Tiong Moon are directors and major shareholders of the Company. They are also major shareholders of Permaju Industries Berhad, the holding company of Rintisan Bumi (M) Sdn. Bhd.

34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

- (i) Tourism segment - Provision of inbound and outbound tours and ticketing services, transportation services, hospitality services and trading of souvenirs, pewterware, local cottage products and other tourism related products.
- (ii) Timber segment - Timber log trading, sawmilling and manufacturing of downstream timber products.
- (iii) Others - Comprises investment holding, trading, warehousing and mobile crane services, neither of which are of a sufficient size to be reported separately.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly income taxes and related expenses.

notes to the financial statements (cont'd)

34. OPERATING SEGMENTS (CONT'D)

	Timber		Tourism Services				Others				Group	
	1.1.2010 to 1.1.2010 to		1.1.2010 to 1.1.2010 to		1.1.2010 to 1.1.2010 to		1.1.2010 to 1.1.2010 to		1.1.2010 to 1.1.2010 to		1.1.2010 to 1.1.2010 to	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE												
Total revenue	-	40,102	86,657	22,441	1,053	1,859	87,710	64,402				
Inter-segment revenue	-	-	(1,009)	(29)	(92)	(312)	(1,101)	(341)				
Total external revenue	-	40,102	85,648	22,412	961	1,547	86,609	64,061				
RESULTS												
Segment results (external)	(2,616)	(4,349)	(10,020)	(1,100)	(1,568)	(1,149)	(14,204)	(6,598)				
Finance costs							(566)	(243)				
Interest income							595	70				
Loss from ordinary activities before taxation							(14,175)	(6,771)				
Income tax expense							652	(173)				
Loss from ordinary activities after taxation							(13,523)	(6,944)				
Non-controlling interests							20	(1)				
Loss attributable to owners							(13,503)	(6,945)				
OTHER INFORMATION												
Segment assets	32,101	56,987	58,967	53,769	38,125	39,245	129,193	150,001				
Unallocated assets							713	1,187				
Segment liabilities	2,234	14,740	11,062	5,015	833	935	14,129	20,690				
Unallocated liabilities							2,358	3,555				
Capital expenditure							16,487	24,245				
Depreciation and amortisation							9,656	37,875				
Impairment loss on property, plant and equipment and investment properties	382	1,504	5,716	1,721	81	87	6,179	3,312				
Inventories written down	526	700	3,450	-	89	573	4,065	1,273				
Inventories written off	-	-	312	-	-	-	312	-				
Property, plant and equipment written off	-	-	291	-	-	-	291	-				
	238	-	1,630	-	-	-	1,868	-				

No geographical analysis has been prepared as the Group operates wholly in Malaysia.

notes to the financial statements (cont'd)

35. CAPITAL COMMITMENT

	Group	
	31.3.2012	31.12.2010
	RM'000	RM'000
Approved and not contracted for:-		
Purchase of property, plant and equipment	130	3,317

36. NON-CANCELLABLE OPERATING LEASES

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	Group	
	31.3.2012	31.12.2010
	RM'000	RM'000
Not later than one year	3,000	3,000
Later than one year and not later than five years	16,950	12,725
Later than five year	3,025	10,698
Total	22,975	26,423

37. CONTINGENT LIABILITY – UNSECURED

	Company	
	31.3.2012	31.12.2010
	RM'000	RM'000
Corporate guarantee given to licensed banks for banking facilities utilised by subsidiaries	8,000	8,000

notes to the financial statements (cont'd)

38. FOREIGN EXCHANGE RATES

The principal closing exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are:-

	Group	
	31.3.2012	31.12.2010
	RM	RM
Chinese Renminbi	0.49	0.47
Hong Kong Dollar	0.40	0.40
United States Dollar	3.06	3.08
Singapore Dollar	2.44	2.39

39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk are primarily Chinese Renminbi, Hong Kong Dollar, United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

notes to the financial statements (cont'd)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency is as follows:-

The Group	Chinese Renminbi RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
At 31.3.2012						
Financial assets						
Trade receivables	-	-	-	-	4,017	4,017
Other receivables and deposits	-	-	-	-	28,753	28,753
Fixed deposits with licensed banks	-	-	-	-	24,650	24,650
Cash and bank balances	348	66	77	20	13,454	13,965
	348	66	77	20	70,874	71,385
Financial liabilities						
Term loan	-	-	-	-	4,950	4,950
Trade payables	-	104	34	-	2,948	3,086
Other payables and accruals	-	-	-	-	6,293	6,093
	-	104	34	-	13,991	14,129
Net financial assets/(liabilities)	348	(38)	43	20	56,883	57,256
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-	-	(56,883)	(56,883)
Currency exposure	348	(38)	43	20	-	373

notes to the financial statements (cont'd)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Group	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
31.12.2010			
Financial assets			
Trade receivables	1,275	4,618	5,893
Other receivables and deposits	-	46,380	46,380
Fixed deposits with licensed banks	-	950	950
Cash and bank balances	-	15,187	15,187
	1,275	67,135	68,410
Financial liabilities			
Term loan	-	5,000	5,000
Trade payables	-	4,777	4,777
Other payables and accruals	-	7,412	7,412
Bankers' acceptances	-	3,501	3,501
	-	20,690	20,690
Net financial assets	1,275	46,445	47,720
Less: Net financial assets denominated in the respective entities' functional currencies	-	(46,445)	(46,445)
Currency exposure	1,275	-	1,275

Foreign currency risk sensitivity analysis

A 10% strengthening/weakening of the RM against the Chinese Renminbi, Hong Kong Dollar, United States Dollar and Singapore Dollar as at the end of the reporting period would have no material impact on profit after taxation and/or equity. This assumes that all other variables remain constant.

notes to the financial statements (cont'd)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 39(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

A change of 100 basis points (bp) strengthening/weakening in the interest rate as at the end of the reporting period would have no material impact on profit after taxation and/or equity. This assumes that all other variables remain constant.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the advances to three major log and sawn timber suppliers which constituted approximately 76% of its trade and other receivables as at the end of the reporting period.

notes to the financial statements (cont'd)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
31.3.2012			
Not past due	1,245	-	1,245
Past due:-			
- less than 2 months	288	-	288
- 2 to 5 months	531	-	531
- over 5 months	11,058	(9,105)	1,953
	13,122	(9,105)	4,017
31.12.2010			
Not past due	1,896	-	1,896
Past due:-			
- less than 2 months	317	-	317
- 2 to 5 months	2,469	-	2,469
- over 5 months	9,086	(7,875)	1,211
	13,768	(7,875)	5,893

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

notes to the financial statements (cont'd)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are either secured by collateral of customer asset or due from companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analyses to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
31.3.2012						
Term loan	8.35	4,950	8,589	586	2,928	5,075
Trade payables	-	3,086	3,086	3,086	-	-
Other payables and accruals	-	6,093	6,093	6,093	-	-
		14,129	17,768	9,765	2,928	5,075

notes to the financial statements (cont'd)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
31.12.2010						
Bankers' acceptances	3.11	3,501	3,501	3,501	-	-
Term loan	7.80	5,000	8,784	586	2,930	5,268
Trade payables	-	4,777	4,777	4,777	-	-
Other payables and accruals	-	7,412	7,412	7,412	-	-
		20,690	24,474	16,276	2,930	5,268

Company	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
31.3.2012				
Other payables and accruals	-	557	557	557
Amount owing to subsidiaries	-	25	25	25
		582	582	582

31.12.2010				
Other payables and accruals	-	565	565	565
Amount owing to subsidiaries	-	24	24	24
		589	589	589

notes to the financial statements (cont'd)

39. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

(c) Classification Of Financial Instruments

	Group		Company	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Loans and receivables financial assets</u>				
Trade receivables	4,017	5,893	318	275
Other receivables and deposits	28,753	46,380	1,334	1,906
Amount owing by subsidiaries	-	-	17,043	19,811
Fixed deposits with licensed banks	24,650	950	23,700	-
Cash and bank balances	13,965	15,187	958	681
	71,385	68,410	43,353	22,673

notes to the financial statements (cont'd)

39. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments (cont'd)

	Group		Company	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
<u>Other financial liabilities</u>				
Term loan	4,950	5,000	-	-
Trade payables	3,086	4,777	-	-
Other payables and accruals	6,093	7,412	557	565
Amount owing to subsidiaries	-	-	25	24
Bankers' acceptances	-	3,501	-	-
	14,129	20,690	582	589

(d) Fair Values Of Financial Instruments

The carrying amount of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

The following summarises the methods used to determine the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amount of the term is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(e) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

- Level 1: Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 March 2012, there were no financial instruments carried at fair values.

notes to the financial statements (cont'd)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

During the financial period, the Company:-

- (i) On July 2010, entered into a Sale and Purchase Agreement with a third party to dispose of six contiguous parcels of freehold land situated in Seberang Perai Tengah, Pulau Pinang, measuring approximately 12.39 acres together with all existing buildings erected thereon ("the said properties") for a total cash consideration of RM24.28 million.

The transaction was completed in August 2011.

- (ii) On 14 March 2011, the Company acquired the entire issued and paid-up share capital of Sinoreno Jewellery Sdn. Bhd. ("SW") and Fine Taste Products Sdn. Bhd. ("FT") for a cash consideration of RM2.00 each. As a result of the acquisition, SW and FT became the wholly-owned subsidiaries of the Sanbumi Group.
- (iii) On 28 March 2011, the Company acquired the entire issued and paid-up share capital of Tropiks Products Sdn. Bhd. ("TP") for a cash consideration of RM2.00. As a result of the acquisition, TP became the wholly-owned subsidiary of the Sanbumi Group.
- (iv) On 27 May 2011, the Company acquired the entire issued and paid-up share capital of Nouvelle Restaurant Sdn. Bhd. ("NR") and M3 Station (SB) Sdn. Bhd. ("M3") for a cash consideration of RM2.00 each. As a result of the acquisition, NR and M3 became the wholly-owned subsidiaries of the Sanbumi Group.

41. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

In addition to the settlement agreement disclosed in Note 12(a) to the financial statements, the significant events occurring after the reporting period are as below:

- (i) On 19 June 2012, Nouvelle Hotel Sdn. Bhd. ("NHSB"), a wholly-owned subsidiary of the Sanbumi Group, entered into a tenancy agreement to rent certain units of hotel rooms to a third party, at a monthly rental of RM75,000 for a period of three (3) years commencing 15 June 2012;
- (ii) On 29 June 2012, Nouvelle Restaurant Sdn. Bhd., a wholly-owned subsidiary of the Sanbumi Group, entered into an Sales and Purchase agreement with a third party to purchase two (2) pieces of leasehold land situated in Mukim Durian Tunggal, Melaka, for a total cash consideration of RM6,000,000; and
- (iii) On 24 July 2012, NHSB, a wholly-owned subsidiary of the Sanbumi Group, entered into an Sales and Purchase agreement with a third party to purchase twenty four (24) parcels of freehold vacant terraced shoplots situated in Port Dickson, Negeri Sembilan, for a total cash consideration of RM3,000,000.

42. COMPARATIVES

The Company and all its subsidiaries have changed their financial year end from 31 December to 31 March. Accordingly, the financial statements for the current financial period cover a 15-month period from 1 January 2011 to 31 March 2012 as compared to the previous financial year which covers a 12-month period from 1 January 2010 to 31 December 2010.

notes to the financial statements (cont'd)

43. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	The Group		The Company	
	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000	1.1.2011 to 31.3.2012 RM'000	1.1.2010 to 31.12.2010 RM'000
Total retained profits/accumulated losses				
- realised	(32,957)	40,503	(77,473)	(11,682)
- unrealised	(203)	(2,028)	-	(1,905)
	(33,160)	38,475	(77,473)	(13,587)
Less: Consolidation adjustments	56,848	(2,602)	-	-
	23,688	35,873	(77,473)	(13,587)

shareholding statistics

as at 1 August 2012

SHARE CAPITAL

Authorised Share Capital	: RM250,000,000
Issued and Paid-up Capital	: RM189,238,348 (Inclusive of 15,061,800 Treasury Shares)
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 1 August 2012 are as follows:-

Name of Substantial Shareholders	No of shares	Direct		Indirect	
		%	No of shares	%	No of shares
Tan Sri Datuk Chai Kin Kong	8,694,070	4.99	2,198,113*	1.26	
Dato' Chua Tiong Moon	11,250,362	6.46	2,198,113*	1.26	

* Deemed interest by virtue of Tan Sri Datuk Chai Kin Kong and Dato' Chua Tiong Moon having not less than fifteen percent of the voting shares in Equal Accord Sdn Bhd which has a direct interest in the Company.

DIRECTORS' SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 1 August 2012 are as follows:-

Name of Directors	No of shares	Direct		Indirect	
		%	No of shares	%	No of shares
Tan Sri Datuk Chai Kin Kong	8,694,070	4.99	2,198,113*	1.26	
Dato' Chua Tiong Moon	11,250,362	6.46	2,198,113*	1.26	
Dato' Rahadian Mahmud bin Mohammad Khalil	-	-	-	-	-
Dato' Lee Gee Huy @ Lee Kong Fee, J.P	-	-	-	-	-
Ir. Zainurin bin Karman	-	-	-	-	-
Lim Thian Loong	-	-	-	-	-

* Deemed interest by virtue of Tan Sri Datuk Chai Kin Kong and Dato' Chua Tiong Moon having not less than fifteen percent of the voting shares in Equal Accord Sdn Bhd which has a direct interest in the Company.

shareholding statistics (cont'd)

ANALYSIS OF SHAREHOLDINGS BY RANGE GROUPS

	No. of shares	% of Issued Capital	No. of Holders	% Over Total Holders
1 – 99	475	-	15	0.260
100 – 1,000	946,840	0.543	987	17.153
1,001 – 10,000	16,768,531	9.627	3,250	56.482
10,001 – 100,000	42,711,700	24.523	1,311	22.784
100,001 – 8,708,326	113,739,002	65.304	191	3.319
8,708,327 and Above	-	-	-	-
	174,166,548	100.000	5,754	100.000

LIST OF TOP THIRTY HOLDERS (As per Record of Depositors)

No.	NAME OF HOLDERS	No. of Shares	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	6,591,900	3.784
2.	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EVERGREEN CITY HOLDINGS SDN BHD	5,279,200	3.031
3.	OSK NOMINEES (ASING) SDN BERHAD OSK ASIA SECURITIES LTD FOR BIOVENTURE LIMITED	5,000,000	2.870
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG	4,822,300	2.768
5.	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON (MU001)	4,658,400	2.674
6.	FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,326,000	2.483
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,261,900	2.447
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	4,044,100	2.321
9.	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULUNG PRESTASI SDN BHD (MH0015)	3,803,700	2.183
10.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG (MARGIN)	3,366,700	1.933
11.	EVERGREEN 2000 SDN BHD	2,828,000	1.623
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHU YOKE HUA	2,333,400	1.339

shareholding statistics (cont'd)

LIST OF TOP THIRTY HOLDERS (As per Record of Depositors) (cont'd)

No.	NAME OF HOLDERS	No. of Shares	%
13.	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR EQUAL ACCORD SDN BHD	2,198,100	1.262
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAN SINGH A/L SHAM SINGH	2,100,000	1.205
15.	CHAO KOON WAN	1,918,500	1.101
16.	OSK NOMINEES (ASING) SDN BERHAD DMG & PARTNERS SECURITIES PTE LTD FOR SHINING VICTORY GLOBAL LTD (93819)	1,910,000	1.096
17.	GOH KHENG HOCK	1,900,000	1.090
18.	M.I.T NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG YEOW WAH (MG0231-019)	1,812,800	1.040
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD	1,572,200	0.902
20.	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOLDMATRIX RESOURCES SDN BHD (MU004)	1,559,200	0.895
21.	TEOH HOOI BIN	1,255,200	0.720
22.	CHAN CHUI KUAN	1,213,900	0.696
23.	CHEW POO	1,121,500	0.643
24.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG VUN KON @ CHUNG VUN KON	1,015,000	0.582
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI KIEW @ TAI CHOON CHYE	969,600	0.556
26.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SII HEE KANG (STA 1)	907,600	0.521
27.	DELTA CYCLE SDN BHD	894,100	0.513
28.	NOORAZMAN BIN ADNAN	755,000	0.433
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LEE LEONG LAI (T-471274)	750,000	0.430
30.	CHUA KHENG EE	684,000	0.392
	TOTAL	75,852,300	43.551

particulars of properties held

Summary of landed properties owned as at 31 March 2012.

Owner	Location	Tenure	Existing Use	Land area Sq.ft.	Approx. age of building (Years)	Fair Value as at 31.3.12 RM'000	Last revaluation
Sanbumi Holdings Berhad ("SHB")	Lot 2071 Mukim 6 Seberang Prai Tengah	Freehold	4 storey office building with an annexed workshop	84,419	33	5,181	2008
SHB	Part of Lot 3423 Mukim 6 Seberang Prai Tengah	Freehold	Storage yard	55,626	N.A.	615	2008
SHB	Lot 1590, 1595 & 1598 Mukim 17 Sg. Lembu Seberang Prai Tengah	Freehold	Vacant land	441,263	N.A.	1,410	2008
SHB	Lot 739 Section 16 Georgetown, Daerah Timur-laut Pulau Pinang	Freehold	2 storey shophouse	2,292	>50	1,008	2008
EMC Cranes Sdn Bhd	Lot 451 Mukim 17 Sg Lembu Seberang Prai Tengah	Freehold	Vacant land	795,231	N.A.	2,150	2008
Nouvelle Hotel (Kulai) Sdn Bhd	H.S.(D) 51225-51238 & 51264-51276 Mukim Kulai, Daerah Kulajjaya, Johor	Freehold	14 pieces of vacant land and 13 units of 3 storey shop offices	44,784	2	8,547	2010

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#CDS account no. of authorised nominee

PROXY FORM

Sanbumi Holdings Berhad (Company No. 8386-P)
(Incorporated in Malaysia)

I/We _____ (name of shareholder as per NRIC, in capital letters)

NRIC No. _____ (new) _____ (old)/ID No./Company No. _____

of _____ (full address)

being a member(s) of the abovenamed Company, hereby appoint _____

(name of proxy as per NRIC, in capital letters) NRIC No. _____ (new) _____ (old)

or failing him/her _____ (name of proxy as per NRIC, in capital letters)

NRIC No. _____ (new) _____ (old) or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Forty-Third Annual General Meeting of the Company to be held at the Conference Room, Second Floor, Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang on Friday, 14 September 2012 at 10.00 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:-

Resolutions		For	Against
	Re-election of Directors:		
Resolution 1	- Dato' Chua Tiong Moon		
Resolution 2	- En Ir Zainurin bin Karman		
Resolution 3	- Re-appointment of Messrs Crowe Horwath as Auditors and to authorise the Directors to determine their remuneration		
Resolution 4	- Approval of Directors' fees of RM315,000		
Resolution 5	- Renewal of share buy-back authority		
Resolution 6	- Proposed Amendments to the Articles of Association of the Company		

(Please indicate with "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this _____ day of _____ 2012

Number of shares held	
------------------------------	--

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-		
	<u>No. of shares</u>	<u>Percentage</u>
Proxy 1	_____	_____%
Proxy 2	_____	_____%

Signature/Common Seal of Appointer _____

Contact No. Of Shareholder/Proxy: _____

NOTES:

- A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint at least one (1) but not more than two (2) proxies (who need not be members of the Company) to attend and vote on his behalf. The provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for the meeting.
- If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointer is acceptable.
- Those proxy forms which are indicated with "v" in the spaces provided to show how the votes are to be cast will also be accepted.
- Only members registered in the Record of Depositors as at 6 September 2012 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.
- # Applicable to shares held through a nominee account.



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AFFIX
STAMP

The Secretary
SANBUMI HOLDINGS BERHAD (8386-P)
Wisma EMC
972, Jalan Baru
13700 Prai
Penang

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