

Review Of Operations

Manufacturing



4000mm, 7-Layer Cast Stretch Film Line



Stretch Film



PP Strapping Film

Although the tough operating environment in the year under review was marked by economic uncertainty and fluctuating foreign exchange rates, the manufacturing division performed credibly and recorded a turnover of RM585.5 million, an increase of RM40.5 million compared to the turnover of RM545.0 million achieved in the previous financial year. Operating profit achieved in the current year under review was RM35.4 million.

Financial year 2011 saw the Group expanding its stretch film production capacity to approximately 100,000 metric tons of high quality films, with the commencement of operations of our second 4,000mm width 7-Layer Cast Stretch Film Line since August 2010, in line with Scientex's global strategy to continue increasing its market share in its existing key global markets whilst progressively moving into new territories, we have recently taken delivery of the Group's third state-of-the-art 4,000mm width 7-Layer Cast Stretch Film Line, which has commenced operations in September 2011. With a total of 9 cast film production lines fully operational by the 3rd quarter of 2011, our total annual capacity would rise to 120,000 metric tons. We believe that through greater economies of scale, we would be able to lower our production costs further and become more cost competitive in the marketplace.

Further to that, we have also signed a sale and purchase agreement in June 2011 to acquire a 12.54 acres piece of industrial land located close to our existing manufacturing facility in Pulau Indah. The newly acquired land is earmarked for future capacity

expansion to meet the growing global demand for our industrial packaging products and to enable us to further diversify our product portfolio.

As the market leader, besides investing in technologically-advanced machinery and increasing our production capacity, we have also continued to develop and produce environmental-friendly products with significant cost-saving features. One such example is our new-generation super thin film marketed under our "Neo Telite" brand in Japan and "Elite Premium" brand in the rest of the world. Since its launch in August 2010, we have witnessed encouraging response for this thinner film which provides similar packaging performance whilst significantly reducing film consumption, thereby generating lesser wastage and hence reducing the carbon footprint.

Our PP strapping band sales continue to witness increasing demand from our major customers. To cater for the anticipated increase in global demand, we have invested in 2 additional new lines which are expected to become fully operational by early 2012, and therefore further boost our annual production capacity of PP strapping bands from 16,200 metric tons to 24,000 metric tons. We have retained our position as one of the largest PP strapping band producers in the world, exporting our products to Japan, Australia, New Zealand and Asia Pacific region. With the additional capacity, we would be able to improve our production efficiency and enhance our costs competitiveness to expand our existing markets whilst exploring new markets globally.

Review Of Operations | Manufacturing

Our niche products division remains focused on serving niche markets, commanding better margins whilst serving a select customer base. Our niche products consist of woven products, PVC rigid film, blown film, urethane pre-polymer adhesives, corrugated carton boxes, polymer products and tufted carpet mats for the automotive industry. For the year under review, this division recorded lower margin due to the overall softening of demand worldwide. In particular, our polymer business was affected by the Japanese tsunami which impacted the demand for our products for automotive industry worldwide.

Our polymer products division encountered a very challenging year. However, we have taken steps to mitigate the adverse impact of the volatile price fluctuations of raw material prices by implementing a pass-through pricing mechanism with our customers. Another risk mitigation initiative is to expand our pool of raw material suppliers who are able to provide substitute products with comparable quality.

Since the final quarter of the financial year, there has been a recovery in demand for our products as the global supply chain began to normalise its operations, particularly as Japanese manufacturers began their efforts to rebuild their enterprises. We are optimistic that demand for our polymer products would rebound as automotive manufacturers gradually increase their production output to full strength to recoup the lost ground during the tsunami tragedy. At present, we supply automotive interior materials, e.g. TPO/PVC Bilaminated, TPO/PVC sheet and vinyl for the manufacture of automotive interior parts and applications namely instrument panels, door trims, arm rest, console, headlining and car upholstery to original equipment manufacturers who in turn supply to Honda, Nissan, Subaru, Mitsubishi, Ford, Tata, GM-Daewoo as well as Proton and Perodua. In recognition of the high quality of our products, we have achieved the prestigious ISO/TS16949 certification which has enabled us to penetrate international markets and to make greater inroads in Japan, Australia, India and Thailand. The international certification has also opened doors enabling us to form strategic alliances with various automotive manufacturers in order to explore further business opportunities in the future.

Demand for our woven bags has remained constant and we have been able to maintain our market share despite growing competition from our South East Asian (SEA) counterparts. Despite volatile raw material costs, we have been able to address and maintain our operational costs through stringent costs control measures as well as to increase the selling prices correspondingly. For the coming financial year, we plan to expand the margins of this segment by focusing on our bulk bags which has better margins, and capitalising on the lower costs of production in Vietnam.

In the meantime, we have noted rising demand for urethane pre-polymer adhesives in the SEA region, as flexible packaging converters increased their supply of products to the ever-growing



Carton Boxes



Woven Bags



Polymer



Raffia Products

food and beverage industries. We are pleased to highlight that we have managed to achieve 30% market share in Indonesia and about 40% market share in Malaysia in the year under review, and we are confident that we would be able to achieve our targeted 33% market share in Indonesia by 2012 whilst maintaining our market share in Malaysia.

Our carton products have been affected by the market volatility of paper prices which has seen a price hike of more than 30%, and adversely impacted our profit margins in the previous financial year. We had then focused our efforts on producing higher-margin products for customers to enhance our profitability. At the same time, we sourced and imported raw materials from more affordable alternative suppliers overseas. Thanks to the quick remedial action and strategies implemented, our profit margins for the current financial year under review have shown improvement.

Our tufted carpet mats are customised to meet the specific requirements of automobile manufacturers. Through the reduction of production costs and implementation of tighter stock control and monitoring of raw material costs, we have been able to obtain better margins for our products.

Our raffia business caters mainly to the niche Japanese market and we intend to further increase our sales for the coming year through our proposed expansion to Thailand and the introduction of our latest product known as "Air Bubble" which would be able to command better margins.

On 18 March 2011, Scientex entered into a 50 : 50 joint venture with Mitsui Chemicals Tohcello, Inc. of Japan, a leading global producer of ethylene-vinyl acetate (EVA) solar encapsulant film, an essential component in the manufacture of photovoltaic solar modules. A joint venture company known as MCTI Scientex Solar Sdn Bhd has been set up since March 2011 to undertake the venture. Under the venture, the manufacturing plant shall be located at the Bukit Rambai Industrial Estate, Melaka and construction works for the plant has started since August 2011. We expect to commence commercial operations by the second half of 2012 to tap into the exciting growth prospects of the rapidly growing global solar industry.

Review Of Operations

Property

Our property division with 4 on-going projects continued to produce another set of excellent results for financial year 2011, with revenue rising from RM149.8 million registered for the last financial year to RM218.8 million and operating profits jumping to RM62.0 million from RM33.1 million previously. This represents an increase of 46.1% in terms of revenue and 87.2% in terms of operating profits vis-a-vis the preceding financial year.



Sales Gallery, Taman Mutiara Mas



Taman Mutiara Mas, Skudai

Strategically located in the Iskandar Malaysia region, the Taman Mutiara Mas property development in Skudai is targeted at the niche segment who wish to reside amidst a natural living environment within a gated and guarded sanctuary.

In September 2010, Taman Mutiara Mas successfully launched its first residential double storey cluster homes known as 'Sapphire'. Due to its strategic location and practical design, there was an overwhelming response to the launch with a take-up rate of 80% out of the total of 128 units available for sale. Following its successful launch, the management launched in early December 2010 76 exclusive units of 2½ storey terrace houses with an unprecedented sales of 60 units sold within the first month of its launch.

To generate greater publicity for the development, Taman Mutiara Mas has been showcased twice in 'MAPEX', the largest property exhibition in Malaysia which was held in November 2010 and April 2011. Through this exhibition, we have been able to generate sales of more than RM10 million whilst creating greater awareness amongst thousands of potential home buyers who subsequently visited our development after attending the exhibition.

Backed by the encouraging response from the 2 launches, and to continue enhancing the value of our development, the management invested approximately RM7 million to build the show village in April 2011 consisting of 6 units of show houses, town park and a sales gallery with approximately 5,000 square feet of exhibition space. The show village also features an earth mound, forest walk and canals to enable residents to experience the nature-centric environment in Taman Mutiara Mas.

In the coming financial year, Taman Mutiara Mas is set to double its sales revenue from the financial year under review with the new launches of 232 units double storey cluster homes and 57 units of 3 storey shops. Apart from the upcoming launches, it also targets to hand over keys and delivery of vacant possession to 73 proud shop owners and 204 home owners for its earlier phases launched.

Review Of Operations | Property



Taman Scientex, Pasir Gudang

Taman Scientex, Pasir Gudang saw 4 new launches with a total of 715 units of double storey terrace houses available for sale for the financial year under review. Our Phase Q7b (Camelia) comprising 179 units of double storey terrace houses was launched in September 2010 with a 100% take-up rate to date. Phase P12 (Lily) was also launched in September 2010 and enjoys a 78% take-up rate to date. Meanwhile, Phase Q11 (Tulip) comprising 190 units of double storey low medium cost terrace house was also launched in September 2010 and enjoys a 86% take-up rate at present, whilst Phase Q12 (Emilia) comprising 212 units of double storey terrace houses which was launched later in May 2011 has seen a 35% take-up rate to date. This favorable trend indicates that the Group has continued to effectively meet the demand for affordable housing in the vicinity.

We are pleased to note that we successfully handed over 650 units of houses to our purchasers in the financial year under review. Phase Q9C (Aster Classic) comprising 163 units of double storey terrace houses was duly handed over in October 2010, Phase Q9b (Aster 2) comprises 139 units double storey terrace houses was handed over in December 2010, Phase Q10a (Iris) and Phase Q10b (Iris Elite) comprising 152 units and 147 units of double storey terrace houses respectively were duly handed over to the purchasers in June 2011, and Phase P11 (Impiana) comprising 50 units of double storey cluster homes were handed over in September 2011.

With this, we believe that the Group is strengthening its reputation as a reliable and reputable property developer, dedicated to providing quality yet affordable housing for the masses.

Taman Scientex, Kulai

Taman Scientex, Kulai saw 3 launches for the financial year under review. The launch of Phase K2b (Lavender 2) comprising 36 units of double storey semi-detached houses was held in November 2010, and benefitted from the spillover effects of the overwhelming response for Phase K2a. To date, this launch has seen a take-up rate of 75%. In the first half of 2011, we launched Phase K5b (Camelia) in March 2011 comprising 144 units of double storey terrace houses, of which 50% of the available units have been taken up to date.

Our commercial units have also been met with favorable response where 14 units of double storey shops under Phase K7a have been fully sold. In line with the strong demand, the management launched Phase K7b in July 2011 comprising 16 units of double storey shops fronting the Jalan Kulai – Ayer Hitam main road. In view of its high public-frontage visibility and location in the growing township, we expect the sales momentum for this project to pick up as construction progresses at site.

The financial year under review also saw the handing over of 223 units of various types of houses to our purchasers. Phase K4 & K2a comprising 165 units of double storey low medium cost houses and 58 units of double storey semi-detached houses respectively were handed over in April 2011.

Review Of Operations | Property



Sales Gallery, Taman Muzaffar Heights



Taman Muzaffar Heights, Ayer Keroh

For the financial year 2011, our development in Taman Muzaffar Heights has registered a revenue of RM22.9 million through a 100% take-up rate of 150 units of our double storey terrace houses and 45 units of the 2 storey shop offices.

For the year under review, we have also successfully handed over 38 units of semi-detached houses to the owners, while another 62 units of double storey terrace houses and 35 units of 2 storey shop offices have been completed and are awaiting delivery to the purchasers in October 2011.

As part of the value-creation initiatives, we have invested additional resources to upgrade our main access road into a dual carriageway and we are also in the midst of building recreational amenities such as recreational lakes, jogging track and reflexology path for the benefit and enjoyment of the homeowners. We believe that these efforts would go a long way towards further enhancing the property values within the development.

We have just completed the construction of a brand new sales gallery and show village with a built up area of approximately 12,000 square feet in order to showcase our existing and up-and-coming launches for our development.

Our participation in the Melaka Mapex Exhibition, Melaka's biggest property exhibition in July 2011 has achieved great success, resulting in overwhelming response for our upcoming Phase M7 double storey link house launch registration exercise.

For the coming financial year, Taman Muzaffar Heights will continue to focus on its niche development and target higher revenue returns based on our proven track record of delivering quality homes in a timely manner.

Outlook

Overall, we remain optimistic of the prospects in our property segment, as we are beginning to reap the benefits of our strategies put in place over the years.

We believe that our business model of focusing on the affordable as well as the high-end properties uniquely positions us to capture the demand from both the growing mass market as well as the increasingly-affluent and discerning middle-to-upper income segment. With the innovative features, strategic locations, and timely launches of our properties, in addition to our strong reputation as a trustworthy developer, we are confident that our property segment would continue to shine in the coming financial year.

Corporate Responsibility Statement

SCIENTEX Foundation

Scientex Foundation's Objectives

Scientex Berhad has, through the formation of **Scientex Foundation**, carried out activities in the areas of **healthcare** and **environmental** concerns as part of its corporate responsibility initiative. The activities of Scientex Foundation are driven mainly by funding secured from its principal Scientex Berhad. In addition, the Foundation may also seek contributions and donations from the public. Effective from 15 February 2009, all contributions and donations made to the Foundation are tax exempt in accordance to the provisions of the Income Tax Act, 1967.

In an interdependent globalised world, Scientex is cognizant of the need to work together with various stakeholders and interest groups to address issues which may affect the way businesses ought to be run, how its operations and business activities may have an impact on people and the surrounding environment. With that in mind, Scientex Foundation has entered into alliances with various interest groups to address specific issues pertaining to healthcare and the environment as part of its corporate responsibility initiatives.

HEALTHCARE OBJECTIVE

In the area of healthcare, Scientex is aware that healthy people are a major positive force in the workplace and Scientex strongly advocates that everyone should adopt a **healthy lifestyle**. In line with that belief, Scientex has adopted the **"healthy, friendly and happy"** tagline as part of its efforts to promote such awareness amongst its stakeholders, business partners and in particular its employees. A happy and healthy person can bring about and have a positive influence on family, friends and at the workplace.

Collaboration with
**MAJLIS KANSER NASIONAL
(MAKNA)**



Research in Mesenchymal Stem Cells by Emeritus Professor S.K.Cheong and team

For the second year running, the Foundation has disbursed an additional allocation of RM200,000 to **Majlis Kanser Nasional ("MAKNA")** to support the research being conducted in relation to **Mesenchymal Stem Cells ("MSC")** and MSC based gene therapy for treatment of cancers undertaken by **Emeritus Professor Dr S.K. Cheong** and his team from **Universiti Kebangsaan Malaysia**. The use of MSC, with its regenerative properties, holds great promise in the field of medicine as the research team has successfully conducted pre clinical trials which indicate that MSC may be deployed to repair cancer stricken body organs. Through the Foundation, it is hoped that the results of the research on MSC would be able to provide a solution or cure in the combat against the scourge of various types of cancers.

In respect of the **MSC gene based therapy**, the research team is conducting tests in its attempt to show the ability of the MSC to act as a carrier of a certain gene which could be used to deliver the gene to the areas affected by cancer to induce the generation of certain hormones required by the body to counter the cancerous cells. Under laboratory settings, it has been proven that MSC injected with **erythropoietin ("EPO")** gene could stimulate the production of red blood cells to counter anaemia which is normally found in cancer patients. On going pre clinical trials using live mice have also shown the ability of the MSC to transport the EPO gene to generate and raise the hemoglobin level. This experimental testing holds great promise for cancer patients as MSC could be employed to transport the EPO gene to raise the hemoglobin levels in cancer patients. An interesting discovery was that the MSC helped in the regeneration of hair follicles and this also has implications on the ability to assist cancer patients to grow their hair back after undergoing treatment.

Lastly, the research team is also conducting trials to generate human MSC from induced pluripotent stem cells such as skin fibroblast and experiments are presently underway.

Corporate Responsibility Statement

Collaboration with
NATIONAL CANCER SOCIETY MALAYSIA (NCSM)



■ **Community Based Cervical Cancer Screening and Awareness Program for underprivileged women and families in Klang Valley**

Since the inception of the collaboration with the **National Cancer Society Malaysia ("NCSM")** in 2009 to undertake and promote a community-supported cervical cancer **screening and awareness program** which is targeted at underprivileged women and families within the Klang Valley, NCSM has worked with various community groups to reach out to the underprivileged women in our efforts to raise awareness on cervical cancer and educate them on the availability of early detection screening as an **effective preventive tool** in combating this dreaded disease. As of July of this year, a total of 12 sessions have been conducted by NCSM and a total of **1,587** women have benefitted from this program and has been screened at NCSM Women's Cancer Detection Centre. As part of its efforts to create greater awareness and to educate people on cervical cancer, more than **100,000** cervical cancer **awareness leaflets** has been distributed to **1,300 clinics** in the Klang Valley, Penang, Perak and Johor as part of the outreach awareness cum education program.

Collaboration with
UNIVERSITY MALAYA MEDICAL CENTRE

■ **Research conducted by Associate Professor Dr Lim Boon Kiong and team**

The Foundation is also presently funding another **cervical cancer related** research project being undertaken by a 5 member team of researchers from **University Malaya Medical Centre** led by **Associate Professor Dr Lim Boon Kiong**. The team is presently conducting research on the viability of a **self sampler device** as a proposed cheaper alternative to the more expensive but established pap smear test method. The successful testing and acceptance of this self sampler device as a reliable screening tool would have great implications in terms of availability of cheap access to screening and detection for cervical cancer. The research study entails studying the results derived from volunteers and till date 330 volunteer subjects have been enlisted to participate in this study. A preliminary review of the study results will be made once a total of 500 test subjects have been reached and this is expected to be achieved by end of 2011.

ENVIRONMENTAL OBJECTIVE

Collaboration with
MALAYSIAN PLASTICS MANUFACTURERS ASSOCIATION (MPMA)



■ **Educating the Public and Creating Awareness On Environmental Issues**

To address issues pertaining to the protection of the environment, pollution, protection and conservation of natural resources, **Scientex Foundation** and **Malaysian Plastics Manufacturers Association ("MPMA")** have conducted joint activities with the main focus and objective of promoting public awareness and understanding of environmental issues through **environmental education and programs**. The parties collaborated to jointly produce a video production entitled 'Saving Planet Earth - The 3Rs Solution' which highlights the effects of **global warming** with special focus on the **3Rs (Reduce, Reuse and Recycle)** concept.



Corporate Responsibility Statement

The video was officially launched by the Deputy Minister of International Trade Industry, YB Dato' Jacob Dungau Sagan at MPMA's 42nd Anniversary Dinner on 20 June 2009 and used as an educational tool. To ensure that it has maximum outreach effect, the video has been distributed via electronic medium and displayed on YouTube as well. It is also used as part of the reference materials and educational kit in the outreach programs implemented in the schools, non-government organisations (NGO) and other relevant bodies.



3Rs Awareness Program for Schools

Since the launch of the pilot outreach program in the Klang Valley in 2010 which saw the participation of 5 selected schools, the Foundation has extended the outreach program to schools in Johor. The outreach program served to **enhance awareness and education** on the effects of global warming and its adverse impact on the environment with emphasis on the practice of **3Rs** directed to target groups of school children and educators. The increase in the number of participating schools as well as the enthusiasm displayed by the school children in participating in the activities designed for them indicates that the outreach program can indeed play a meaningful role to educate and promote greater awareness amongst school children. For the program, educational leaflets and 3Rs booklets were distributed to the school children as part of the awareness campaign to educate the children. The success of the second outreach program was also due to the strong support and endorsement given by the Ministries of Housing and Local Government, Tourism and Education. The Foundation and MPMA also worked closely with other organisations to secure support from other industry players and contributors to make this project a success.



Corporate Responsibility Statement

To raise awareness on the issue of global warming, the program required the participation of the school children to compete in activities with topics relating to the environment in order to raise their awareness and understanding on the topic. As such, the artwork competition for the primary school children and the essay writing and public speaking **competitions** for the secondary school children were designed to raise their awareness and understanding on the effects on global warming and how the 3Rs practice may assist to reduce the adverse effects. The competitions were intended to stimulate the children to come up with their ideas for environmental awareness. Prizes were awarded to the individuals or groups who submitted the best entries. Apart from the individual competitions, all the schools also participated in the competition for the collection of recycleables and a **prize-giving ceremony** was held in June 2011. The Foundation and MPMA are greatly encouraged by the response received from the participating schools, educators and interested parties and the Foundation intends to roll out the program to more schools in other states so that more school children may be educated on the need to practise 3Rs as part of our collective efforts and responsibility to combat **global warming**.



WORK PLACE



In line with our corporate responsibility to create greater environmental awareness amongst our people, we have also launched our in-house 3Rs program in Shah Alam, Seremban and Melaka in the year 2011. We launched the program by showing the 'Saving Planet Earth' video which highlights the adverse effects of global warming and how the practice of 3Rs can assist to reduce the carbon footprint and hence global warming. Recycling bins were placed at strategic locations in the office premises and canteen and a demonstration of how the bins should be utilised were shown to the staff. To further assist the staff to understand how the 3Rs concept works, we have also distributed leaflets and bi-lingual 3Rs booklet to all for their better understanding. Simple quiz questions were posed to the staff to encourage them to read the booklet and to have a better appreciation of how the 3Rs practice can be applied in everyday life. Through such educational tools and awareness campaign, we hope that we are able to influence a change in lifestyle practices of our employees and their families and this would assist in our efforts to have a wider reach of people as it requires collective efforts of all to address the global issue.

Corporate Responsibility Statement



As part of our efforts to encourage a healthy lifestyle amongst the employees, a badminton tournament was organised for the participation and enjoyment of employees. More than 100 participants and supporters from our offices in Johor, Melaka, Negeri Sembilan and Selangor gathered for the event which was also designed to forge greater unity, rapport and camaraderie amongst employees whilst providing an opportunity for talented employees to display their court craft and skills. The tournament was a resounding success and the jubilant winning teams received cash prizes and trophies for their efforts. Food and transportation was provided for outstation participants and supporters alike with some employees bringing their families along to cheer their team members on.



In November 2010, a budget dialogue cum team building event was held at Taman Negara Resort for middle and senior level executives of the Group. Apart from encouraging greater participation from the employees, it was also intended to develop greater camaraderie and foster better understanding and teamwork amongst colleagues which was essential as the Group progresses and continues to expand with more employees. The trip and resort was chosen as it aptly resonates with our corporate tagline of "Healthy, Friendly and Happy".



The tsunami disaster that occurred in March 2011 saw the unprecedented loss of lives and damage and the tragic event shocked the world. The Group has had a long standing relationship with Japan and its people and the trust, goodwill and cooperation developed over the years has compelled the Group to take immediate action to assist those affected. The Group donated RM100,000 to the Central Community Chest of Japan to provide emergency humanitarian aid to the Japanese people affected by the tragedy.

Statement On Internal Control

Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("Board") is pleased to provide the Internal Control Statement which outlines the nature and scope of internal control of the Group during the financial year.

Responsibility of Risk and Internal Control

The Board acknowledges its overall responsibility to maintain a sound system of internal controls and to put in sufficient safeguards to manage the Group's risk in order to safeguard shareholders' investment and the Group's assets. However, due to the inherent limitations in any system of internal controls, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Thus the system of internal controls put in place can only provide reasonable but would not be an absolute assurance against material misstatements or loss. The significant areas covered by the Group's system of internal controls are financial, organisational, operational and compliance controls.

The Board is assisted by an Executive Committee which is chaired by the Managing Director and comprises senior management personnel of the Group in implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks, and making recommendations designed to operate, control and mitigate such risks, whilst continuously monitoring and reviewing the risks and its impact on the Group's operations on a regular basis.

Internal Audit Function and Risk Management

The Group has an internal audit department to support the Audit Committee and the Board. The Head of Internal Audit reports to the Audit Committee on a quarterly basis. The Group's internal audit department conducts audit on the Group's operations as mandated by the Audit Committee and checks and monitors compliance with the Group's policies and procedures as well as the effectiveness of the internal controls system put in place. The internal audit department will highlight significant findings in respect of non-compliance to the Board via the Audit Committee. The internal audit department will take follow-up actions with the management in respect of the agreed corrective actions to be implemented.

Other Key Elements of Internal Control

The other key elements of the Group's internal controls system are as follows:-

- Since January 2009, an Executive Committee comprising heads of divisions and members of the key management of the Group and chaired by the Group Managing Director was established to assist the Board and tasked to look into daily operational matters affecting the Group to ensure that the operations are in line with the Group's overall objectives, direction and budget as well as approved policies and business strategies. The Committee also formulates operational strategies on an on-going basis to respond to rapid changes in the external business conditions and environment whilst ensuring that the Group's overall objectives and policies are adhered to. Operational issues are raised for deliberation and discussion in the Committee and adequate responses and actions would be taken thereafter. The Committee meets at least twice every month, depending on the urgency and circumstances in order to ensure that quick pro-active actions are taken to ensure that the interests of the Group is protected at all times.
- The Group Managing Director conducts regular management meetings with the respective management teams of the various divisions/business units and review financial and operational reports in order to monitor the performance and profitability as well as operational issues including internal control matters and risk management of the respective business units.
- The Group has clearly defined delegation of responsibilities to the various committees of the Board and to the management including an effective organisational structure and proper authority matrix.
- The functional control framework has been documented in the Group's "Internal Control Guidelines and Procedures" which set out the various key controls and process requirements across all functions and are updated as and when necessary in order to reflect the changing risk profiles as dictated by changes in the business environment, strategies and functional activities from time to time.
- An annual budgeting process has also been established, whereby all key operating subsidiary companies of the Group are required to prepare budgets and business plans for the coming year. For effective and meaningful monitoring and review of performance, the Management has introduced the Quarterly Rolling Budget System which covers all the major divisions of the Group whereby actual monthly and quarterly performance are duly compared with budgets set. Review of performances are conducted monthly with major variances being addressed and remedial management action taken, where necessary.
- The Board and management are provided with quarterly performance report that gives comprehensive information on financial performance and key business indicators for monitoring purposes.

Conclusion

During the financial year under review, all internal control weaknesses identified and highlighted to the Audit Committee have been and/or are being addressed. The Board is of the view that the current system of internal control instituted throughout the Group is sufficient to safeguard the Group's assets. Nevertheless, the Board and management maintain a continuing commitment to strengthen the Group's internal control environment and processes.

This Statement on Internal Control is made in accordance with the resolution of the Board on 1 November 2011.

Audit Committee Report

The Board of Directors ("Board") is pleased to present the report of the Audit Committee for the financial year ended 31 July 2011.

MEMBERSHIP

The members of the Audit Committee comprises the following Directors :-

CHAIRMAN

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Independent Non-Executive Director

MEMBERS

Cham Chean Fong @ Sian Chean Fong
Independent Non-Executive Director

Wong Mook Weng @ Wong Tsap Loy
Independent Non-Executive Director

Fok Chuan Meng
Non-Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Composition

1. The Audit Committee shall be appointed by the Board of Directors from amongst the Directors and shall consist of not less than three (3) members whereby at least one member of the Audit Committee:-
 - i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
 - ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and;
 - a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - iii) must hold a degree/master/doctorate in accounting or finance and have at least three (3) years' post qualification experience in accounting and finance; or
 - iv) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
2. All the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors.
3. No alternate Director is to be appointed as a member of the Audit Committee.
4. The members of the Audit Committee must elect a Chairman from amongst their number who is an Independent Non-Executive Director.
5. If a member of the Audit Committee resigns, dies or for any reason ceases to be a member resulting in the number of the Committee members being reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
6. The terms of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

Authority

The Audit Committee is authorised by the Board to:-

- i) investigate any matter within its terms of reference;
- ii) have the resources which are required to perform its duties;
- iii) have full and unrestricted access to any information pertaining to the Company and shall have the resources it requires to perform its duties. All employees are directed to co-operate with any request made by the Audit Committee;
- iv) obtain outside legal or other independent professional advice as necessary to assist the Audit Committee in fulfilling its duties;
- v) have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity; and
- vi) convene any meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions and Duties

The functions and duties of the Audit Committee include the following:-

- i) to review the following and report the same to the Board:
 - a) with the external auditors, the audit plan;
 - b) with the external auditors, their evaluation of the system of internal controls;
 - c) with the external auditors, their audit report;
 - d) the assistance given by the employees of the Company to the external auditors;
 - e) 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;
 - f) the internal audit programmes, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

Continued

- g) the quarterly results and year-end financial statements of the Group and the Company, focusing particularly on:-
- changes in or implementation of accounting policies and practices;
 - significant and unusual events;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements; and
- h) any related party transactions and conflict of interest situation that may arise within the Company or Group.
- ii) to discuss problems and reservations arising from the final audit, and any matter the auditors may wish to discuss (in the absence of management where necessary).
- iii) to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
- iv) to consider any other functions or duties as may be agreed to by the Audit Committee and the Board.

Meetings and Reporting Procedures

The Audit Committee shall meet at least four (4) times in a financial year. The Chairman may call for additional meetings at any time at his discretion or if requested to do so by any member or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee. The quorum for a meeting shall consist not less than two (2) members, the majority of those present must be Independent Directors.

The Group Financial Controller, representative of the external auditors, other Board members, employees and/or external independent professional advisers may attend meetings upon the invitation of the Audit Committee.

Notice of the proposed agenda for each meeting is distributed in a timely manner to the members of the Audit Committee. As a reporting procedure, the secretary of the Audit Committee shall keep the minutes of each meeting and circulate to the members of the Audit Committee and also to all members of the Board for notation and action, where necessary.

ATTENDANCE OF AUDIT COMMITTEE MEETINGS

The details of attendance of each member in the Audit Committee Meetings held during the financial year ended 31 July 2011 are as follows:-

Committee Members	Number of Meetings Attended / Total Number of Meetings Held	Percentage (%) of Attendance
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	5/5	100
Cham Chean Fong @ Sian Chean Fong	5/5	100
Wong Mook Weng @ Wong Tsap Loy	5/5	100
Fok Chuan Meng	5/5	100

Notes:

The meetings were held on 28 September 2010, 9 November 2010, 15 December 2010, 15 March 2011 and 21 June 2011.

ACTIVITIES UNDERTAKEN BY AUDIT COMMITTEE

The activities of the Audit Committee during the financial year ended 31 July 2011 include the following:-

- i) reviewed the Group's unaudited quarterly financial results prior to submission to the Board for consideration and approval;
- ii) reviewed the Group's year end audited financial statements with the external auditors and recommended the same to the Board for approval;
- iii) discussed with the external auditors before the audit commences, the nature and scope of the audit plan;
- iv) discussed any issues arising from the audit exercise and reviewed the external auditors' memorandum of suggestion and management's response;
- v) discussed with the external auditors on matters arising from the final audit without the presence of the executive board members and management;
- vi) reviewed the adequacy and relevance of the scope, functions and internal audit processes as well as the internal audit plan;
- vii) reviewed the internal audit report presented by internal auditors and considered the major findings and recommendations of the internal audit consultants in the Group's operation and ensured significant findings were adequately addressed by the management;
- viii) discussed and reviewed the performance of staff of the internal audit department;
- ix) reviewed any related party transactions that may arise within the Group;
- x) reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Internal Control for inclusion in the Annual Report; and
- xi) discussed any significant accounting and auditing issues and reviewed the impact of new or proposed changes in accounting standards.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by the Internal Audit Department, which reports directly to the Audit Committee on its activities based on the approved Internal Audit Plans. Its principal function is to undertake independent regular and systematic review of the system of internal controls so as to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

During the financial year under review, the Internal Audit Department has conducted assurance review on adequacy and effectiveness of the internal control system on certain operating units and presented its findings together with its recommendations and management action plan to the Audit Committee for review. The cost incurred for the Group's internal audit function during the financial year ended 31 July 2011 amounted to RM218,467.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors on 1 November 2011.

Statement On Corporate Governance

The Board of Directors ("Board") recognises that good corporate governance and the responsibility to observe high standards of transparency, accountability and integrity to be the cornerstone of a well-managed organisation. These best practices will not only safeguard and enhance shareholders' value but also ensure that the interests of all the stakeholders are protected.

Set out below is the manner on how the Group has applied the principles of good governance as set out in the Malaysian Code on Corporate Governance (Revised 2007) ("the Code").

1. DIRECTORS

Board of Directors

The Board is primarily responsible for determining the Group's strategic plans and direction, overseeing the conduct of the business, risk management, succession planning of senior management, implementing investor relations programme and ensuring the system of internal controls and management information system are in place and are effective.

The Board has within it, professionals drawn from various backgrounds bringing depth and diversity in experience, expertise and perspectives to set forth a synergy of strength in charting the directions of the Group. The profile of the directors as presented on pages 10 to 13 of this Annual Report demonstrate their range of qualifications and experience.

Board's Composition and Balance

The Board currently has nine (9) members, comprising two (2) Executive Directors including the Managing Director, two (2) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors. This is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which require that at least one-third of the total number of Directors to be independent.

The Executive Directors are responsible for implementing policies and decisions of the Board, overseeing operations and development of business and corporate strategies. The Independent Non-Executive Directors, with their expertise and experience provide the necessary balance of power and authority to the Board. They do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationship with the Company in order that they are capable of exercising independent judgement and act in the best interest of the Company and its shareholders. Y.Bhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim is the Senior Independent Non-Executive Director.

To maintain effective supervision and accountability of each of the Board and the Management, the position of the Chairman and Managing Director are held by separate persons to ensure a balance of power and authority. To further reinforce this separation, the Chairman of the Company is not someone who has previously served as the managing director of the Company. The Chairman plays a crucial leadership and pivotal role to ensure that the Board works effectively whilst the Managing Director has overall responsibilities to ensure the Group's business is properly and efficiently managed and implement Board policies and decisions.

The Board is satisfied that the current composition is broadly balanced and considers its current size adequate given the present scope and nature of the Group's business operations.

Appointment and Re-election of Directors

The Nomination Committee is responsible for making recommendations to the Board for the appointment of new directors. All nominees to the Board shall first be considered by the Nomination Committee, taking into account the required mix of skills and experience and the candidates' integrity and other qualities, before being recommended to the Board. The Nomination Committee also considers, in making its recommendation, candidates for directorship proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder.

In accordance with the Company's Articles of Association, at every Annual General Meeting, one-third (1/3) of the Directors with a minimum of one (1) and those appointed during the year shall retire from office and shall be eligible for re-election. The Articles of Association further provide that all Directors shall retire from office at least once in every three years. The re-election of Directors ensures that shareholders have a regular opportunity to re-assess the composition of the Board.

The Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Supply of Information

The agenda and board papers for each board meeting are circulated to all Board members for their review in advance of the scheduled meetings to enable them opportunity to seek clarification and sufficient time to study the issues to be deliberated at the Board meetings. Amongst others, the board papers provide information such as quarterly financial results, internal audit plan and progress reports, major corporate, financial and regulatory issues and minutes of meetings of Committees of the Board.

In addition, there is a schedule of matters reserved for the Board's approval amongst others, annual budget and business plans, dividend policy and recommendation of dividend, financial results, major Company's policies, joint venture and major acquisition and disposal of assets or investment. The Chairman of the Audit Committee would inform the Directors at Board meetings of any salient matters noted by the Audit Committee and which may be required to be brought up to the Board for implementation.

Continued

Senior management staff may be invited to attend the Board meetings to give presentations and provide additional insight into matters to be discussed in the Board meetings. In addition, advisers and professionals appointed by the Company in connection with corporate proposals such as merchant bankers and solicitors may also be invited to attend Board meetings to provide the Board with their professional opinion and explanation on the transaction in deliberation and to clarify any issue raised by the Board.

The Directors in their individual capacity or as a full Board have full and unrestricted access to all information pertaining to the Group. The Directors also have the advice and services of Company Secretary and senior management staff at all times to aid in the proper discharge of their statutory and fiduciary duties. The Directors may engage independent professional advice at the Company's expense, if necessary in the course of their duties.

Board Meetings

The Board meets regularly on a quarterly basis with additional meetings convened if there are urgent issues or matters that require attention and expeditious direction from the Board. The Board meetings have a formal agenda on matters for discussion with adequate time allocated for deliberation and the Chairman of the Board chairs all the meetings with proper record of minutes kept by the secretary. The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting.

During the financial year ended 31 July 2011, the Board met five (5) times and the record of attendance of the meetings is set out below:-

	Number of Meetings Attended / Total Number of Meetings Held	Percentage (%) of Attendance
Executive Directors		
Lim Teck Meng	4/5	80
Lim Peng Jin	5/5	100
Non-Executive Directors		
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	5/5	100
Lim Peng Cheong	5/5	100
Fok Chuan Meng	5/5	100
Wong Mook Weng @ Wong Tsap Loy	5/5	100
Cham Chean Fong @ Sian Chean Fong	5/5	100
Dato' Hazimah Binti Zainuddin	5/5	100
Teow Her Kok @ Chang Choo Chau	5/5	100

Notes:-

The meetings were held on 28 September 2010, 9 November 2010, 15 December 2010, 15 March 2011 and 21 June 2011.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are encouraged to evaluate their own training needs on a continuous basis and determine the relevant programmes, workshop or conference to update and improve their skills and knowledge to keep abreast with the regulatory requirements and business development. In this aspect, as part of the directors' training programmes, a budgeted amount has been set aside for all the Directors to attend training courses which are relevant and may assist the Directors in discharging their responsibilities.

During the financial year under review, all the Directors had attended an in-house training programme on the update of Financial Reporting Standards and its impact on the Group, conducted by Messrs Ernst & Young. In addition, Y.Bhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim had attended Financial Institutions Directors' Education Programmes, Dialogue on Business Opportunities in Malaysia and seminars related to economic and regulatory issues and Mr Lim Peng Jin had attended Neuro Linguistic Programming on the topic of Negotiation with Influence and seminars related to data protection, neuromarketing and Malaysian economy.

The Board Committees

The following committees have been established to support the Board to discharge its duties and responsibilities. The Board has delegated certain powers and duties to these committees, which operate within the defined terms of reference.

(i) Audit Committee

The Board has established an Audit Committee comprising three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The present members of the Audit Committee are:-

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman (<i>Independent Non-Executive Director</i>)
Fok Chuan Meng	Member (<i>Non-Independent Non-Executive Director</i>)
Wong Mook Weng @ Wong Tsap Loy	Member (<i>Independent Non-Executive Director</i>)
Cham Chean Fong @ Sian Chean Fong	Member (<i>Independent Non-Executive Director</i>)

The full particulars of the terms of reference and report of the Audit Committee are provided on pages 37 and 38 of this Annual Report.

(ii) Nomination Committee

The Nomination Committee was established on 18 November 2003. The present members of the Nomination Committee are:-

Continued

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman (<i>Independent Non-Executive Director</i>)
Wong Mook Weng @ Wong Tsap Loy	Member (<i>Independent Non-Executive Director</i>)
Cham Chean Fong @ Sian Chean Fong	Member (<i>Independent Non-Executive Director</i>)

The Nomination Committee's responsibilities, in accordance with its terms of reference, include recommending to the Board candidates for appointment as Executive and Non-Executive Directors and assisting the Board in its annual review of the required mix of skills and experience and other qualities, including core competencies, which the Directors should bring to the Board. The Committee is also responsible to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis. The Committee met as and when necessary with proper record of minutes kept by the Secretary.

In carrying out its functions and duties, the Nomination Committee has full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the services of professional recruitment firms to source for the right candidate for directorship, whenever necessary.

(iii) Remuneration Committee

The Remuneration Committee was established on 18 November 2003. The present members of the Remuneration Committee are:-

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman (<i>Independent Non-Executive Director</i>)
Lim Peng Jin	Member (<i>Managing Director</i>)
Cham Chean Fong @ Sian Chean Fong	Member (<i>Independent Non-Executive Director</i>)

The Remuneration Committee, in accordance with its terms of reference, has the function of reviewing and recommending to the Board the remuneration packages of the Executive Directors as well as fees and allowances for the Non-Executive Directors. The Committee shall also adopt a formal and transparent procedure for developing policy on remuneration packages for the Directors.

Meetings are held as and when necessary. The quorum for any meeting shall be two and minutes of meeting shall be kept by the Secretary.

In carrying out its duties and responsibilities, the Remuneration Committee has full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions, if required.

2. DIRECTORS' REMUNERATION

The Company's general policy on Directors' remuneration is to offer competitive remuneration packages, which are designed to attract and retain high calibre Directors needed to run the Company successfully. The remuneration package for the Executive Directors is structured to link rewards to financial performance of the Group and individual performance. The remuneration package comprises a number of separate elements such as basic salary, allowances, bonuses and other benefits-in-kind.

In the case of the Non-Executive Directors, the level of remuneration shall be linked to their experience and the level of responsibilities undertaken. The remuneration package for the Non-Executive Directors shall be determined by the Board as a whole. The Director concerned shall abstain from deliberation and voting on decisions in respect of his individual remuneration package.

The details of the remuneration of the Directors are as follows:-

	Salaries RM	Fees RM	Bonuses and Allowances and Other Emoluments by Employer RM	EPF Contribution RM	Total RM
Executive Directors	3,576,000	30,000	2,220,000	1,001,520	6,827,520
Non-Executive Directors	-	110,000	36,000	-	146,000

The number of Directors whose remuneration falls into the following bands is as follows:-

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	6
RM50,000 – RM100,000	-	1
RM750,001 – RM800,000	1	-
RM6,000,001 – RM6,050,000	1	-

3. SHAREHOLDERS

Dialogue Between The Company & Investors

The Board recognises the importance of transparency and accountability to its shareholders and maintains an effective communications policy that enables both the Board and the Management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decision.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

Continued

- (i) the annual report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Board Committees and Board of Directors;
- (ii) various corporate announcements made to the Bursa Securities, which includes timely released announcements on quarterly financial results of the Group;
- (iii) the Company's website, www.scientex.com.my, provides a channel of communication and information dissemination. Under the section of "Investor Relations", shareholders or potential investors can request for information and download the necessary information, amongst others, annual reports, quarterly financial results, analyst reports and press releases.

Annual General Meeting ("AGM")

The AGM serves as an important channel for shareholders' communication. Notice of the AGM and annual report are sent to shareholders twenty-one (21) days prior to the meeting. The Board ensures that each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution. At the AGM, shareholders are accorded both opportunity and time to express their views or raise questions in connection with the Company's financial performance and business operations. The Directors and senior management as well as the Auditors of the Company are present at the AGM to respond to any question raised by the shareholders.

In addition, a press conference is held immediately following the conclusion of the AGM where the Directors brief the press, and answer relevant questions on the Group's operations and financial performance.

4. ACCOUNTABILITY AND AUDIT**Financial Reporting**

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects. The Audit Committee reviews the Group's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval.

The Directors are required to ensure that the financial statements prepared are drawn up in accordance with the applicable Financial Reporting Standards and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company and the Group. The Statement of Directors' Responsibility in relation to the Financial Statements is presented in the appropriate section of this Annual Report.

Internal Control and Risk Management

The Board recognises the importance of risk management both at the strategic and operational level. In addition, the Board acknowledges its responsibilities in ensuring a sound system of internal control covering the financial, operational and compliance aspects of the business.

Information on the Group's internal control is presented in the Statement on Internal Control set out on page 36 of this Annual Report.

Relationship with Auditors

The Board has established formal and transparent arrangements for maintaining appropriate relationships with the Group's Auditors through the Audit Committee. Whenever the need arises, the Auditors would highlight to both the Audit Committee and the Board, matters especially those pertaining to the areas of risk management and internal controls that would require their attention and response. The role of the Audit Committee in relation with the Auditors is described in the Audit Committee Report.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Securities requires a statement explaining the Board of Directors' responsibility for preparing the financial statements.

The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the Companies Act, 1965, applicable approved accounting standards in Malaysia and Main Market Listing Requirements of Bursa Securities.

This Statement on Corporate Governance was approved in accordance with the resolution of the Board on 1 November 2011.

Additional Compliance Information

1. Share Buy-Backs

During the financial year ended 31 July 2011, the Company bought back 363,200 ordinary shares of RM0.50 each of its issued share capital which are listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

The details of share bought back by the Company during the financial year ended 31 July 2011 are as follows:-

Month	No. of Shares Purchased & Retained As Treasury Shares	Purchase Price Per Share (RM)			Total Consideration (RM)
		Lowest Price	Highest Price	Average Price	
December 2010	131,100	1.97	2.01	1.99	264,561.40
January 2011	232,000	1.98	2.00	1.99	463,809.72
June 2011	100	2.73	2.73	2.73	314.09
Total	363,200				728,685.21

All the shares bought back by the Company during the financial year were retained as treasury shares. As such, the Company held 14,959,662 of its 230,000,000 issued and paid-up capital as treasury shares as at 31 July 2011. None of the treasury shares held were resold or cancelled during the financial year.

2. Options, Warrants or Convertible Securities

There were no warrants, options or convertible securities issued by the Company.

3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

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

4. Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

5. Non-Audit Fees

The amount of non-audit fee paid to the external auditors for the financial year ended 31 July 2011 was as follows:-

Name of Auditors	Services	Fees (RM)
Ernst & Young	Review of Statement of Internal Control	8,000

6. Profit Estimate, Forecast, Projection, and Variation in Results

There were no variations of 10% or more between the audited results for the financial year ended 31 July 2011 and the unaudited results for the quarter ended 31 July 2011 of the Group previously announced.

The Company did not make any release on the profit estimate, forecast and projection for the financial year.

7. Profit Guarantee

The Company did not give any profit guarantee during the financial year ended 31 July 2011.

8. Material Contracts

There were no material contracts entered into by or subsisting between the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 July 2011.

9. Revaluation Policy on Landed Properties

The Group revalues its landed properties with sufficient regularity to ensure that the fair value of the revalued assets do not differ materially from the carrying value as at the balance sheet date. The details of the Group's properties are disclosed on page 116 of this Annual Report.

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Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, letting of properties and provision of management services.

The principal activities of the subsidiaries are stated in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year except as disclosed in Note 15.

RESULTS

	Group RM	Company RM
Profit for the year	80,118,419	28,520,626
<hr/>		
Attributable to:		
Owners of the parent	77,245,764	28,520,626
Non-controlling interests	2,872,655	-
	<hr/>	<hr/>
	80,118,419	28,520,626
	<hr/>	<hr/>

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

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

DIVIDENDS

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

	RM
In respect of the financial year ended 31 July 2010:	
Single tier interim dividend of 6%, on 215,403,538 ordinary shares declared on 23 June 2010 and paid on 10 August 2010	6,462,106
Single tier final dividend of 12%, on 215,272,438 ordinary shares declared on 9 November 2010 and paid on 24 January 2011	12,916,346
In respect of the financial year ended 31 July 2011:	
Single tier interim dividend of 10%, on 215,040,338 ordinary shares declared on 21 June 2011 and paid on 21 July 2011	10,752,017
	<hr/>
	30,130,469
	<hr/>

At the forthcoming Annual General Meeting, a single tier final dividend of 14% in respect of the financial year ended 31 July 2011 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2012.

Continued

DIRECTORS

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

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
 Lim Teck Meng
 Lim Peng Jin
 Lim Peng Cheong
 Wong Mook Weng @ Wong Tsap Loy
 Cham Chean Fong @ Sian Chean Fong
 Dato' Hazimah Binti Zainuddin
 Teow Her Kok @ Chang Choo Chau
 Fok Chuan Meng

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

DIRECTORS' INTERESTS

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

Name of directors	Number of ordinary shares of RM0.50 each			31 July 2011
	1 August 2010	Bought	Sold	
Direct interests				
Ordinary shares of the Company				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	76,940	-	-	76,940
Lim Teck Meng	84,100	-	-	84,100
Lim Peng Jin	1,178,470	-	-	1,178,470
Lim Peng Cheong	1,013,400	200,000	(160,000)	1,053,400
Wong Mook Weng @ Wong Tsap Loy	1,468,844	-	-	1,468,844
Teow Her Kok @ Chang Choo Chau	1,052,880	-	(732,880)	320,000
Deemed/Indirect interests				
Ordinary shares of the Company				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	200,000	-	(60,000)	140,000
Lim Teck Meng	99,806,712	838,260	(20,460)	100,624,512
Lim Peng Jin	88,304,750	13,228,899	-	101,533,649
Lim Peng Cheong	97,087,859	3,483,260	(600,000)	99,971,119
Wong Mook Weng @ Wong Tsap Loy	655,168	40,600	-	695,768

Lim Teck Meng, Lim Peng Jin and Lim Peng Cheong by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

Continued

TREASURY SHARES

During the financial year, the Company repurchased 363,200 of its issued ordinary shares from the open market at an average price (including transaction costs) of RM2.01 per share. The total consideration paid for the repurchase including transaction costs was RM728,685. The repurchased shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 July 2011, the Company held 14,959,662 of its 230,000,000 issued and paid-up capital as treasury shares. Such treasury shares are held at a carrying amount of RM21,810,189 and further relevant details are disclosed in Note 28(b) to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the income statement, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of provision for doubtful debts in these financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 16 and Note 20 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 November 2011.

Statement By Directors

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

We, Lim Teck Meng and Lim Peng Jin, being two of the directors of Scientex Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 51 to 114 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 July 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 40 on page 115 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 November 2011.

LIM TECK MENG

LIM PENG JIN

Statutory Declaration

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

I, Chang Siew Sian, being the officer primarily responsible for the financial management of Scientex Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 115 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Chang Siew Sian
at Kuala Lumpur in the Federal Territory
on 1 November 2011

CHANG SIEW SIAN

Before me,
R. Vasugi Ammal, PJK (W480)
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

To The Members Of Scientex Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Scientex Berhad, which comprises statements of financial position as at 31 July 2011 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 114.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity preparation and fair presentation of the 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 the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 40 on page 115 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad ("Directive"). In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the Directive.

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

Ernst & Young

AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
1 November 2011

Kua Choo Kai

No. 2030/03/12(J)
Chartered Accountant

Consolidated Income Statement

For the financial year ended 31 July 2011

	Note	2011 RM	2010 RM
Revenue	4	804,022,790	694,815,546
Cost of sales	5	(644,721,905)	(571,806,888)
Gross profit		159,300,885	123,008,658
Other income		3,759,748	12,499,328
Other items of expense			
Selling and distribution expenses		(25,861,458)	(28,312,190)
Administrative expenses		(39,761,930)	(37,149,081)
Operating profit		97,437,245	70,046,715
Finance costs	6	(1,573,072)	(1,260,060)
Share of results of associate and jointly controlled entity		776,076	1,967,139
Profit before tax	7	96,640,249	70,753,794
Income tax expense	10	(16,521,830)	(8,613,394)
Profit for the year		80,118,419	62,140,400
Profit attributable to:			
Owners of the parent		77,245,764	60,317,596
Non-controlling interests		2,872,655	1,822,804
		80,118,419	62,140,400
Earnings per share attributable to owners of the parent (sen per share)			
Basic	11	36	28

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

Consolidated Statement Of Comprehensive Income

For the financial year ended 31 July 2011

	2011 RM	2010 RM
Profit for the year	80,118,419	62,140,400
Other comprehensive income:		
Foreign currency translation	(1,588,305)	(2,794,476)
Impairment of land and building	-	(1,428,419)
Other comprehensive income for the year, net of tax	(1,588,305)	(4,222,895)
Total comprehensive income for the year	78,530,114	57,917,505
Total comprehensive income attributable to:		
Owners of the parent	75,953,734	56,587,140
Non-controlling interests	2,576,380	1,330,365
	78,530,114	57,917,505

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

Consolidated Statement Of Financial Position

As at 31 July 2011

	Note	2011 RM	Restated 2010 RM	Restated as at 1.8.2009 RM
ASSETS				
Non-current assets				
Property, plant and equipment	12	192,953,695	205,083,420	203,398,440
Investment properties	13	4,692,151	-	-
Land held for property development	14(a)	209,274,201	216,674,711	170,512,121
Investment in jointly controlled entity	16	22,498,998	-	-
Investment in associate	17	9,613,750	8,881,672	6,914,533
Other investments	18	5,036,730	5,036,730	5,329,114
		444,069,525	435,676,533	386,154,208
Current assets				
Property development costs	14(b)	64,912,481	54,403,619	38,664,135
Inventories	19	67,763,202	63,374,612	61,681,582
Trade and other receivables	20	105,497,383	95,746,153	79,636,496
Other current assets	21	1,879,918	2,508,227	2,855,226
Cash and bank balances	22	40,952,837	23,353,468	15,618,872
		281,005,821	239,386,079	198,456,311
TOTAL ASSETS		725,075,346	675,062,612	584,610,519
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	23	37,509,829	42,018,610	14,451,457
Retirement benefit obligations	24	361,376	658,901	255,402
Trade and other payables	25	136,721,160	125,184,096	111,415,731
Income tax payable		7,583,070	3,282,994	1,405,044
		182,175,435	171,144,601	127,527,634
Net current assets		98,830,386	68,241,478	70,928,677
Non-current liabilities				
Loans and borrowings	23	10,000,000	26,168,880	22,162,600
Retirement benefit obligations	24	7,096,784	6,313,642	5,968,179
Deferred tax liabilities	27	19,681,582	20,638,784	17,722,671
		36,778,366	53,121,306	45,853,450
Total liabilities		218,953,801	224,265,907	173,381,084
Net assets		506,121,545	450,796,705	411,229,435
Equity attributable to owners of the parent				
Share capital	28	115,000,000	115,000,000	115,000,000
Reserves	29	352,343,798	299,348,012	260,093,532
		467,343,798	414,348,012	375,093,532
Non-controlling interests		38,777,747	36,448,693	36,135,903
Total equity		506,121,545	450,796,705	411,229,435
TOTAL EQUITY AND LIABILITIES		725,075,346	675,062,612	584,610,519

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

Consolidated Statement Of Changes In Equity

For the financial year ended 31 July 2011

	Attributable to owners of the parent										Total equity attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
	Non-distributable					Distributable							
	Share capital (Note 28) RM	Share premium (Note 39) RM	Capital redemption reserves (Note 29(c)) RM	Property revaluation surplus (Note 29(a)) RM	Foreign currency translation reserves (Note 29(b)) RM	Treasury shares (Note 28(b)) RM	Other reserves (Note 39) RM	Retained earnings (Note 29(d)) RM	Total equity attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM		
Opening balance at 1 August 2010	115,000,000	19,232,974	17,467,367	31,613,039	(1,371,707)	(21,081,504)	2,577,554	250,910,289	414,348,012	36,448,693	450,796,705		
Effects of adopting FRS 139	-	-	-	-	-	-	-	1,439,100	1,439,100	102,900	1,542,000		
Total comprehensive income	115,000,000	19,232,974	17,467,367	31,613,039	(1,371,707)	(21,081,504)	2,577,554	252,349,389	415,787,112	36,551,593	452,338,705		
Transactions with owners								77,245,764	75,953,734	2,576,380	78,530,114		
Realisation of revaluation reserves	-	-	-	(2,481,006)	-	-	-	2,481,006	-	-	-		
Arising from liquidation of a subsidiary	-	-	-	-	-	-	(2,116,738)	2,116,738	-	-	-		
Acquisition of additional interest in an existing subsidiary	-	-	-	-	-	(728,685)	-	-	(728,685)	(350,226)	(350,226)		
Acquisition of treasury shares	-	-	-	-	-	(728,685)	-	(23,668,363)	(23,668,363)	-	(728,685)		
Dividends (Note 30)	-	-	-	-	-	-	-	(23,668,363)	(23,668,363)	-	(23,668,363)		
Total transactions with owners	-	-	-	(2,481,006)	-	(728,685)	(2,116,738)	(19,070,619)	(24,397,048)	(350,226)	(24,747,274)		
Closing balance at 31 July 2011	115,000,000	19,232,974	17,467,367	29,132,033	(2,663,737)	(21,810,189)	460,816	310,524,534	467,343,798	38,777,747	506,121,545		
Opening balance at 1 August 2009	115,000,000	19,232,974	17,467,367	35,877,667	984,405	(21,081,132)	2,577,554	205,034,697	375,093,532	36,135,903	411,229,435		
Total comprehensive income	-	-	-	(1,374,344)	(2,356,112)	-	-	60,317,596	56,587,140	1,330,365	57,917,505		
Transactions with owners								2,890,284	-	-	-		
Realisation of revaluation reserves	-	-	-	(2,890,284)	-	-	-	2,890,284	-	-	-		
Acquisition of additional interest in an existing subsidiary	-	-	-	-	-	(372)	-	-	(372)	(755,075)	(755,075)		
Acquisition of treasury shares	-	-	-	-	-	(372)	-	-	(372)	-	(372)		
Effect of shortfall of tax for dividend paid	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)		
Dividends (Note 30)	-	-	-	-	-	-	-	(17,232,288)	(17,232,288)	(262,500)	(17,494,788)		
Total transactions with owners	-	-	-	(2,890,284)	-	(372)	-	(14,442,004)	(17,332,660)	(1,017,575)	(18,350,235)		
Closing balance at 31 July 2010	115,000,000	19,232,974	17,467,367	31,613,039	(1,371,707)	(21,081,504)	2,577,554	250,910,289	414,348,012	36,448,693	450,796,705		

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

Consolidated Statement Of Cash Flows

For the financial year ended 31 July 2011

	2011 RM	2010 RM
OPERATING ACTIVITIES		
Profit before tax	96,640,249	70,753,794
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment (Note 12)	21,813,596	23,571,915
Negative goodwill on consolidation recognised	-	(5,670,172)
Provision for retirement benefits (Note 24(b))	744,484	924,882
Allowance for impairment on trade receivables	75,185	490,123
Write back of impairment on trade receivables	(74,098)	(473,263)
Share of results of associate and jointly controlled entity	(776,076)	(1,967,139)
Property, plant and equipment written off	842	2,475,159
Interest expense	1,573,072	1,260,060
Gross dividend income	(132,300)	(273,556)
Impairment loss for club memberships	-	14,000
(Gain)/loss on disposal of:		
- property, plant and equipment	(193,515)	(119,216)
- club memberships	-	28,000
- unquoted shares	-	(37,578)
Bad debts written off	83,793	4,050
Interest income	(394,800)	(473,220)
(Write back)/write off of inventories	(255,463)	810,862
Net unrealised gain on foreign exchange	(189,435)	(887,618)
Total adjustments	22,275,285	19,677,289
Operating cash flows before changes in working capital	118,915,534	90,431,083
<u>Changes in working capital</u>		
Increase in inventories	(4,133,126)	(2,503,892)
(Increase)/decrease in development properties	(2,436,386)	9,243,502
Increase in receivables	(5,822,888)	(16,424,531)
Increase in payables	17,457,866	5,503,855
Total changes in working capital	5,065,466	(4,181,066)
Cash flows from operations	123,981,000	86,250,017
Income taxes paid	(12,879,764)	(7,950,822)
Income taxes refunded	99,151	14,219
Retirement benefits obligation paid (Note 24(a))	(258,867)	(175,920)
Net cash flows from operating activities	110,941,520	78,137,494

Continued

	2011 RM	2010 RM
INVESTING ACTIVITIES		
Investment in jointly controlled entity	(22,500,000)	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(66,708,513)
Purchase of additional shares in existing subsidiaries	(350,226)	(386,395)
Purchase of property, plant and equipment (Note 12)	(16,406,971)	(24,017,724)
Deposit paid for purchase of property, plant and machinery (Note 20)	(2,160,663)	(162,000)
Proceeds from disposal of:		
- property, plant and equipment	1,162,970	245,782
- club memberships	-	70,000
- unquoted shares	-	217,962
Net dividend received	177,300	268,152
Interest received	394,800	473,220
Net cash flows used in investing activities	(39,682,790)	(89,999,516)
FINANCING ACTIVITIES		
Acquisition of treasury shares	(728,685)	(372)
Dividends paid to:		
- shareholders of the Company	(30,130,469)	(10,770,182)
- non-controlling shareholders of subsidiary	-	(262,500)
Net (repayment)/drawdown of term loans	(21,548,832)	6,424,577
Net drawdown of short term borrowings	986,167	26,176,302
Interest paid	(2,245,042)	(1,971,207)
Net cash flows (used in)/from financing activities	(53,666,861)	19,596,618
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,591,869	7,734,596
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23,173,468	15,438,872
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 22)	40,765,337	23,173,468

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

Statement Of Comprehensive Income

For the financial year ended 31 July 2011

	Note	2011 RM	2010 RM
Revenue	4	42,644,138	26,751,800
Other income		994,205	171,066,242
Administrative expenses		(15,066,607)	(104,244,415)
<hr/>			
Operating profit		28,571,736	93,573,627
Finance costs	6	(36,017)	(78,739)
<hr/>			
Profit before tax	7	28,535,719	93,494,888
Income tax expense	10	(15,093)	(64,589)
<hr/>			
Net profit for the year, representing total comprehensive income for the year		28,520,626	93,430,299

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

Statement Of Financial Position

As at 31 July 2011

	Note	2011 RM	Restated 2010 RM	Restated as at 1.8.2009 RM
ASSETS				
Non-current assets				
Property, plant and equipment	12	6,597,455	6,975,152	7,096,389
Investment in subsidiaries	15	194,693,445	194,693,443	174,804,222
Investment in jointly controlled entity	16	22,500,000	-	-
Investment in associate	17	3,000,000	3,000,000	3,000,000
Other investments	18	4,827,728	4,827,728	4,827,728
		231,618,628	209,496,323	189,728,339
Current assets				
Trade and other receivables	20	36,580,768	53,356,500	10,362,978
Other current assets	21	118,293	152,976	237,806
Cash and bank balances	22	658,423	387,357	1,185,152
		37,357,484	53,896,833	11,785,936
TOTAL ASSETS		268,976,112	263,393,156	201,514,275
EQUITY AND LIABILITIES				
Current liabilities				
Retirement benefit obligations	24	38,767	154,343	54,832
Trade and other payables	25	35,655,492	34,342,771	49,014,921
		35,694,259	34,497,114	49,069,753
Net current assets/(liabilities)		1,663,225	19,399,719	(37,283,817)
Non-current liabilities				
Retirement benefit obligations	24	1,681,196	1,410,079	1,137,498
Deferred tax liabilities	27	1,193,498	1,202,382	1,221,082
		2,874,694	2,612,461	2,358,580
Total liabilities		38,568,953	37,109,575	51,428,333
Net assets		230,407,159	226,283,581	150,085,942
Equity attributable to owners of the parent				
Share capital	28	115,000,000	115,000,000	115,000,000
Reserves	29	115,407,159	111,283,581	35,085,942
Total equity		230,407,159	226,283,581	150,085,942
TOTAL EQUITY AND LIABILITIES		268,976,112	263,393,156	201,514,275

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

Statement Of Changes In Equity

For the financial year ended 31 July 2011

	Reserves					Total equity RM
	Non-distributable			Distributable		
	Share capital (Note 28) RM	Share premium RM	Capital redemption reserves (Note 29 (c)) RM	Property revaluation surplus (Note 29 (a)) RM	Treasury shares (Note 28 (b)) RM	Retained earnings (Note 29 (d)) RM
Opening balance at 1 August 2010	115,000,000	19,232,974	3,967,367	3,210,785	(21,081,504)	105,885,224
Total comprehensive income	-	-	-	68,735	-	28,520,626
Transactions with owners						
Acquisition of treasury shares	-	-	-	-	(728,685)	-
Dividends (Note 30)	-	-	-	-	-	(23,668,363)
Total transactions with owners	-	-	-	-	(728,685)	(23,668,363)
Closing balance at 31 July 2011	115,000,000	19,232,974	3,967,367	3,210,785	(21,810,189)	230,407,159
Opening balance at 1 August 2009	115,000,000	19,232,974	3,967,367	3,210,785	(21,081,132)	29,687,213
Total comprehensive income	-	-	-	-	-	93,430,299
Transactions with owners						
Acquisition of treasury shares	-	-	-	-	(372)	-
Dividends (Note 30)	-	-	-	-	-	(17,232,288)
Total transactions with owners	-	-	-	-	(372)	(17,232,288)
Closing balance at 31 July 2010	115,000,000	19,232,974	3,967,367	3,210,785	(21,081,504)	105,885,224

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

Statement Of Cash Flows

For the financial year ended 31 July 2011

	2011 RM	2010 RM
OPERATING ACTIVITIES		
Profit before tax	28,535,719	93,494,888
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment (Note 12)	429,963	449,862
Property, plant and equipment written off	842	256
Impairment loss on investments in subsidiaries	-	91,442,699
Provision for retirement benefits (Note 24(b))	284,296	372,092
Waiver of amount due to subsidiaries	(953,603)	(171,048,753)
Interest expense	36,017	78,739
Gross dividend income	(28,059,386)	(15,304,986)
Interest income	(40,602)	(17,005)
Total adjustments	(28,302,473)	(94,027,096)
Operating cash flows before changes in working capital	233,246	(532,208)
<u>Changes in working capital</u>		
Decrease/(increase) in receivables	16,716,060	(43,003,985)
Increase in payables	8,728,429	149,914,497
Total changes in working capital	25,444,489	106,910,512
Cash flows from operations	25,677,735	106,378,304
Income taxes paid	(13,772)	-
Income taxes refunded	99,151	12,004
Retirement benefits obligation paid (Note 24(a))	(128,755)	-
Net cash flows from operating activities	25,634,359	106,390,308
INVESTING ACTIVITIES		
Acquisition of subsidiaries	(2)	(111,331,920)
Investment in jointly controlled entity	(22,500,000)	-
Purchase of property, plant and equipment (Note 12)	(53,108)	(328,881)
Net dividends received	28,044,386	15,304,986
Interest received	40,602	17,005
Net cash flows from/(used in) investing activities	5,531,878	(96,338,810)
FINANCING ACTIVITIES		
Acquisition of treasury shares	(728,685)	(372)
Dividends paid	(30,130,469)	(10,770,182)
Interest paid	(36,017)	(78,739)
Net cash flows used in financing activities	(30,895,171)	(10,849,293)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	271,066	(797,795)
CASH AND BANK BALANCES AT BEGINNING OF YEAR	387,357	1,185,152
CASH AND BANK BALANCES AT END OF YEAR (NOTE 22)	658,423	387,357

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

Notes To The Financial Statements

For the financial year ended 31 July 2011

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 of the Company is located at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are investment holding, letting of properties and provision of management services.

The principal activities of the subsidiaries are stated in Note 15.

There have been no significant changes in the nature of the principal activities during the financial year except as disclosed in Note 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

2.2 Changes in accounting policies

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

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

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combination (Revised)
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (Revised)
- FRS 123: Borrowing Costs
- FRS 127: Consolidated and Separate Financial Statements (amended)
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 132: Financial Instruments: Classification of Rights Issues
- Amendments to FRS 138: Intangible Assets
- Amendments to FRS 7: Financial Instruments: Disclosures
- Amendments to FRSs [Improvements to FRS (2009)]
- IC Interpretation 10: Interim Financial Reporting and Impairment

The following new and amended FRSs and IC Interpretations are also effective for annual periods beginning on or after 1 January 2010 and 1 July 2010, however, are not applicable to the Group and the Company:

- FRS 4: Insurance Contracts
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- TR i-3: Presentation of Financial Statements of Islamic Financial Institutions

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

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

FRS 7 Financial Instruments: Disclosures

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

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

FRS 101 Presentation of Financial Statements (Revised)

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

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

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (Note 37).

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

FRS 139 Financial Instruments: Recognition and Measurement

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

- **Equity instruments**

Prior to 1 August 2010, the Group classified its investment in equity instruments which were not held for trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments whose fair value cannot be reliably measured and amounting to RM4,746,002 at 1 August 2010 are designated as available-for-sale financial assets and continued to be carried at cost less impairment losses.

- **Non-hedging derivatives**

Prior to 1 August 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 August 2010 are recognised at their fair values totalling RM1,542,000 and are classified as financial assets at fair value through profit or loss.

- **Inter-company loans**

During the current and prior years, interest-free loans and advances were made between the holding company and its fellow subsidiaries. Prior to 1 August 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest-free loans or advances continue to be recorded initially at cost as the Company takes these loans in the form of short-term advances and payable on demand. Therefore, the effect of discounting is considered as immaterial and fair value of the loans is equal to the amount of the advances given or received. No adjustments were made to the opening balance of retained earnings as at 1 August 2010.

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

The following are effects to the statement of financial position arising from the above changes in accounting policies:

Group	Increase/(decrease)	
	As at 31.7.2011	As at 1.8.2010
Derivatives (assets)	-	1,542,000
Retained earnings	-	1,439,100
Non-controlling interests	-	102,900

Amendments to FRS 117 Leases

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

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

Group	2011 RM
Increase/(decrease) in:	
Property, plant and equipment	35,402,065
Prepaid land lease payments	(35,402,065)

Company	2011 RM
Increase/(decrease) in:	
Property, plant and equipment	3,854,645
Prepaid land lease payments	(3,854,645)

The following comparatives have been restated:

Group	As previously stated RM	Adjustments RM	As restated RM
Consolidated statement of financial position			
31 July 2010			
Property, plant and equipment	170,906,157	34,177,263	205,083,420
Prepaid land lease payments	34,177,263	(34,177,263)	-
1 August 2009			
Property, plant and equipment	169,818,378	33,580,062	203,398,440
Prepaid land lease payments	33,580,062	(33,580,062)	-

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 117 Leases (cont'd)

The following comparatives have been restated: (cont'd)

Company	As previously stated RM	Adjustments RM	As restated RM
Statement of financial position			
31 July 2010			
Property, plant and equipment	3,075,686	3,899,466	6,975,152
Prepaid land lease payments	3,899,466	(3,899,466)	-
<hr/>			
1 August 2009			
Property, plant and equipment	3,152,102	3,944,287	7,096,389
Prepaid land lease payments	3,944,287	(3,944,287)	-
<hr/>			

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
• Amendment to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
• Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
• Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
• Amendments to FRS 7: Improving Disclosures about Financial Instruments	
Improvements to FRSs (2010)	1 January 2011
• IC Interpretation 4: Determining Whether an Arrangement Contains a Lease	1 January 2011
• Amendments to IC Interpretation 13: Customer Loyalty Programmes	1 January 2011
• Amendments to FRSs [Improvements to FRSs (2010)]	1 January 2011
• IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
• IC Interpretation 19: Extinguishing Financial liabilities with Equity Instruments	1 July 2011
• Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
• FRS 124: Related Party Disclosure	1 January 2012
• IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

Except for the changes in accounting policies arising from the adoption of the IC Interpretation 15, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of IC Interpretation 15 are described below.

IC Interpretation 15 Agreements for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

2.4 Basis of consolidation

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

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except for unrealised losses which are not eliminated if there are indications of impairment.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.10. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

2.5 Transactions with non-controlling interests

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

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

2.6 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group had such power over another entity.

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

2.7 Associates

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

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

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Associates (cont'd)

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

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

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

2.8 Jointly controlled entity

A jointly controlled entity is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in jointly controlled entity using the equity method. Under the equity method, the investment in jointly controlled entity is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the jointly controlled entity.

The financial statements of the joint venture are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of a jointly controlled entity used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company.

In the Company's separate financial statements, its investment in jointly controlled entity is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

2.9 Investment property

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed based on straight-line basis over the leasehold period.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost less accumulated depreciation and accumulated impairment losses.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.12 up to the date of change in use.

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

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

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

(b) Product development expenditure

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised using a straight-line basis over the commercial lives of the underlying products not exceeding five years.

2.11 Impairment of non-financial assets

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

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

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

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

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

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

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Property, plant and equipment, and depreciation

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

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is depreciated over the period of the respective leases which range from 52 years to 99 years. Depreciation of other property, plant and equipment are computed on a straight-line basis over the estimated useful lives of the assets as follows:

Staff quarters and apartment	2%
Buildings	2% - 7%
Plant and machinery, tools and equipment	5% - 20%
Motor vehicles	20% - 25%
Office equipment, furniture and fittings	5% - 33%

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

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

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

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

2.13 Foreign currency

(a) Functional and presentation currency

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

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Foreign currency (cont'd)

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

2.14 Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

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

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

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

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial assets (cont'd)

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

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

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

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

(d) Available-for-sale financial assets

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

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

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

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

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

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

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Impairment of financial assets

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

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

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

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

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

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

2.16 Cash and cash equivalents

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

2.17 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Land held for property development and property development costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

2.19 Inventories

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

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.
- Unsold completed units: cost of construction materials and raw materials comprises costs of purchase and other direct charges. The costs of completed properties, determined on specific identification basis, comprise cost of land, construction and appropriate development expenditure.

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

2.20 Provisions

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

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

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Financial liabilities

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

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

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

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

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

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

(b) Other financial liabilities

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

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

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

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

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

2.22 Borrowing costs

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

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

2.23 Employee benefits

(a) Defined contribution plans

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

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.23 Employee benefits (cont'd)****(b) Defined benefit plans**

The Group's obligation under defined benefit plans is determined based on actuarial computations by independent actuaries using the Projected Unit Credit Method, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations.

2.24 Leases**As lessee**

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

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

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

2.25 Revenue

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

(a) Sale of goods

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

(b) Sales of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.18(b).

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Management fees

Management fees are recognised when services are rendered.

(e) Dividend income

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

(f) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Affiliated companies

Affiliated companies refer to companies with common directors.

2.28 Related companies

Related companies refer to companies within the Group.

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34 including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 Share capital and share issuance expenses

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

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

2.31 Treasury shares

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

2.32 Contingencies

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

There is no critical judgement made by management in the process of applying the Group's accounting policies that has a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

(a) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years. These are common life expectancies applied in the industry. Change in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Continued

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 20.

(c) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs. Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 14. A 10% difference in the estimated total property development revenue and cost would result in approximately 2% (2010: 2%) variance in the Group's revenue and 2% (2010: 2%) variance in the Group's cost of sales.

(d) Deferred tax assets

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

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

(e) Defined benefit plan

The present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date. Further details are given in Note 24.

In determining the appropriate discount rate management has derived the applicable interest rates from high quality corporate bonds. In order to determine the appropriate discount rate for this valuation, the actuaries took the values of AA rated corporate bond yields with 3 to 15 years of maturity and convert these bond yield rates to estimated spot rates. The spot rates is matched to the projected future cash flows of the Group Retirement Benefit Scheme. On this basis, the equivalent single discount rate to be used for the retirement benefit valuation is 7% per annum. The mortality rate is based on Malaysia Ordinary Life 1999-2003 mortality report. Future salary increases and pension increases are based on expected future inflation rates in Malaysia.

(f) Impairment of investment in subsidiaries

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

Continued

4. REVENUE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sale of goods	585,208,506	544,647,962	-	-
Sale of properties	216,638,655	147,834,424	-	-
Gross dividends from:				
- Subsidiaries	-	-	27,867,086	15,053,046
- Associate	-	-	60,000	-
- Unquoted shares in Malaysia	9,900	-	9,900	-
- Unquoted shares outside Malaysia	122,400	251,940	122,400	251,940
Rental income	1,923,329	1,961,220	40,400	42,900
Project management income from subsidiaries	-	-	12,854,485	8,823,571
Technical assistance fees from subsidiary	-	-	1,029,867	810,343
Management fees from:				
- Subsidiaries	-	-	540,000	1,650,000
- Associate	120,000	120,000	120,000	120,000
	804,022,790	694,815,546	42,644,138	26,751,800

5. COST OF SALES

	Group	
	2011 RM	2010 RM
Property development costs (Note 14(b))	112,792,155	92,415,944
Cost of inventories sold	531,929,750	479,390,944
	644,721,905	571,806,888

6. FINANCE COSTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:				
Bank overdrafts	5,340	7,109	-	-
Term loans	1,194,943	1,237,071	-	-
Bankers' acceptance	344,241	148,746	-	-
Onshore foreign currency loan	114,555	114,268	-	-
Revolving credits	585,963	464,013	36,017	78,739
	2,245,042	1,971,207	36,017	78,739
Less: Amount capitalised in land held for property development (Note 14)	(671,970)	(711,147)	-	-
Total finance costs	1,573,072	1,260,060	36,017	78,739

Continued

7. PROFIT BEFORE TAX

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Employee benefits expense (Note 8)	53,832,035	48,196,494	11,677,755	10,158,728
Directors' fees	140,000	140,000	140,000	140,000
Non-executive directors' other emoluments (Note 9)	36,000	36,000	36,000	36,000
Auditors' remuneration				
- statutory audits	312,400	333,270	23,000	20,000
- other services	8,000	8,000	8,000	8,000
Negative goodwill on consolidation recognised	-	(5,670,172)	-	-
Depreciation of property, plant and equipment (Note 12)	21,813,596	23,571,915	429,963	449,862
Property, plant and equipment written off	842	2,475,159	842	256
(Write back)/write off of inventories	(255,463)	810,862	-	-
Allowance for impairment on trade receivables (Note 20(a))	75,185	490,123	-	-
Write back of impairment on trade receivables (Note 20(a))	(74,098)	(473,263)	-	-
Bad debts written off	83,793	4,050	-	-
Rental of land and buildings	505,104	355,824	126,032	63,378
Rental of plant, machinery and motor vehicles	382,828	351,630	-	-
Net unrealised gain on foreign exchange	(189,435)	(887,618)	-	-
Net realised gain on foreign exchange	(1,654,048)	(4,654,909)	-	-
Impairment loss on other investments:				
- subsidiaries	-	-	-	91,442,699
- club memberships	-	14,000	-	-
Waiver of amount due to subsidiaries	-	-	(953,603)	(171,048,753)
Rental income	(478,400)	(144,000)	-	-
Interest income	(394,800)	(473,220)	(40,602)	(17,005)
Gross dividends from unquoted shares in Malaysia	-	(21,616)	-	-
(Gain)/loss on disposal of:				
- property, plant and equipment	(193,515)	(119,216)	-	-
- unquoted shares	-	(37,578)	-	-
- club membership	-	28,000	-	-

Continued

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages, salaries and other emoluments	48,596,139	43,643,535	10,024,725	8,905,999
Contributions to defined contribution plan	4,089,875	3,293,584	1,342,845	864,857
Social security contributions	401,537	334,493	25,889	15,780
Increase in liability for defined benefit plan (Note 24)	744,484	924,882	284,296	372,092
	53,832,035	48,196,494	11,677,755	10,158,728

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM6,797,520 (2010: RM4,567,920), and RM1,575,000 (2010: RM1,344,000) respectively.

9. DIRECTORS' REMUNERATION

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive:				
Salaries and other emoluments	5,796,000	4,078,500	1,350,000	1,200,000
Fees	30,000	30,000	30,000	30,000
Defined contribution plan	1,001,520	489,420	225,000	144,000
	6,827,520	4,597,920	1,605,000	1,374,000
Non-Executive:				
Fees	110,000	110,000	110,000	110,000
Other emoluments	36,000	36,000	36,000	36,000
	146,000	146,000	146,000	146,000
Total	6,973,520	4,743,920	1,751,000	1,520,000

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

	Number of Directors	
	2011	2010
Executive directors:		
RM750,001 - RM800,000	1	-
RM900,001 - RM950,000	-	1
RM3,650,001 - RM3,700,000	-	1
RM6,000,001 - RM6,050,000	1	-
Non-executive directors:		
Below RM50,000	6	6
RM50,000 - RM100,000	1	1

Continued

10. INCOME TAX EXPENSE**Major components of income tax expense**

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current income tax:				
- Malaysian income tax	16,617,026	8,629,596	25,013	12,558
- Foreign tax	1,011,176	852,387	-	-
- (Over)/under provision in respect of previous years	(153,027)	569,972	(1,036)	70,731
	17,475,175	10,051,955	23,977	83,289
Deferred income tax (Note 27):				
- Origination and reversal of temporary differences	(998,858)	(1,402,938)	(4,472)	(15,227)
- Under/(over) provision in respect of previous years	45,513	(35,623)	(4,412)	(3,473)
	(953,345)	(1,438,561)	(8,884)	(18,700)
Income tax expense recognised in profit or loss	16,521,830	8,613,394	15,093	64,589

Reconciliation between tax expense and accounting profit

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

	2011 RM	2010 RM
Group		
Profit before tax	96,640,249	70,753,794
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	24,160,062	17,688,449
Income not subject to taxation	(2,167,766)	(4,201,165)
Different tax rates in other countries	(550,480)	(525,404)
Share of results of associate	(194,019)	(491,785)
Non-deductible expenses	1,153,213	1,087,118
Utilisation of current year's reinvestment allowances	(3,028,872)	(178,170)
Utilisation of previously unrecognised capital allowances and other deductible temporary differences	(3,110,077)	(1,138,639)
Utilisation of previously unrecognised unabsorbed reinvestment allowances	(264,324)	(1,738,172)
Deferred tax assets not recognised	631,607	558,350
Deferred tax assets recognised	-	(2,981,537)
Under/(over)provision of deferred tax in respect of previous years	45,513	(35,623)
(Over)/underprovision of income tax in respect of previous years	(153,027)	569,972
Income tax expense recognised in profit or loss	16,521,830	8,613,394

Continued

10. INCOME TAX EXPENSE (CONT'D)**Reconciliation between tax expense and accounting profit (cont'd)**

Company	2011 RM	2010 RM
Profit before tax	28,535,719	93,494,888
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	7,133,930	23,373,722
Income not subject to taxation	(7,246,013)	(46,590,973)
Non-deductible expenses	367,131	23,117,851
Deferred tax assets not recognised	8,468	244,416
Utilisation of previously unrecognised deferred tax assets	(242,975)	(147,685)
Overprovision of deferred tax in respect of previous years	(4,412)	(3,473)
(Over)/underprovision of income tax in respect of previous years	(1,036)	70,731
Income tax expense recognised in profit or loss	15,093	64,589

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

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

11. EARNINGS PER SHARE

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

	2011	2010
Profit net of tax attributable to owners of the parent (RM)	77,245,764	60,317,596
Weighted average number of ordinary shares in issue*	215,198,048	215,403,666
Basic earnings per share (sen)	36	28

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

The Company does not have any potential dilutive ordinary shares. Accordingly, the diluted earnings per share is not presented.

Continued

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM	Plant and machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
	←----- At cost ----->					
Group						
At 31 July 2011						
At 1 August 2010 (as previously stated)						
	60,483,789	256,009,967	17,908,585	3,698,715	14,437,499	352,538,555
Effect of adopting the amendments to FRS 117	38,778,875	-	-	-	-	38,778,875
At 1 August 2010 (as restated)						
	99,262,664	256,009,967	17,908,585	3,698,715	14,437,499	391,317,430
Additions	2,649,022	9,746,460	1,135,345	144,400	2,731,744	16,406,971
Disposals	(800,000)	(226,813)	-	(351,287)	-	(1,378,100)
Write off	-	(864,373)	(186,155)	(5,613)	-	(1,056,141)
Transfer to investment properties (Note 13)	(5,176,783)	-	-	-	-	(5,176,783)
Transfer from capital work-in-progress	936,822	12,362,944	919,615	-	(14,219,381)	-
Exchange differences	(413,028)	(1,388,365)	(29,324)	(17,669)	(18,464)	(1,866,850)
At 31 July 2011	96,458,697	275,639,820	19,748,066	3,468,546	2,931,398	398,246,527
Accumulated depreciation and impairment loss						
At 1 August 2010 (as previously stated)						
	11,639,062	155,803,280	12,139,570	2,050,486	-	181,632,398
Effect of adopting the amendments to FRS 117	4,601,612	-	-	-	-	4,601,612
At 1 August 2010 (as restated)						
	16,240,674	155,803,280	12,139,570	2,050,486	-	186,234,010
Charge for the year (Note 7)	1,697,439	18,292,141	1,278,307	545,709	-	21,813,596
Disposals	(9,014)	(226,812)	-	(172,819)	-	(408,645)
Write off	-	(864,373)	(186,155)	(4,771)	-	(1,055,299)
Transfer to investment properties (Note 13)	(484,632)	-	-	-	-	(484,632)
Exchange differences	(209,588)	(560,553)	(21,713)	(14,344)	-	(806,198)
At 31 July 2011	17,234,879	172,443,683	13,210,009	2,404,261	-	205,292,832
Net carrying amount						
At 31 July 2011	79,223,818	103,196,137	6,538,057	1,064,285	2,931,398	192,953,695

Continued

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

	Land and buildings* RM	Plant and machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
	←----- At cost ----->					
Group						
At 31 July 2010						
At 1 August 2009 (as previously stated)	60,066,142	264,143,468	19,095,183	4,148,641	297,460	347,750,894
Effect of adopting the amendments to FRS 117	37,828,617	-	-	-	-	37,828,617
At 1 August 2009 (as restated)	97,894,759	264,143,468	19,095,183	4,148,641	297,460	385,579,511
Additions	459,295	7,484,424	802,498	1,052,125	14,219,382	24,017,724
Disposals	-	(113,400)	-	(626,006)	-	(739,406)
Write off	-	(17,118,288)	(1,911,549)	(845,123)	-	(19,874,960)
Transfer	-	302,971	(247,485)	-	(55,486)	-
Acquisition of a subsidiary	4,178,609	3,393,037	188,635	-	-	7,760,281
Impairment loss	(2,159,439)	-	-	-	-	(2,159,439)
Exchange differences	(1,110,560)	(2,082,245)	(18,697)	(30,922)	(23,857)	(3,266,281)
At 31 July 2010	99,262,664	256,009,967	17,908,585	3,698,715	14,437,499	391,317,430
Accumulated depreciation and impairment loss						
At 1 August 2009 (as previously stated)						
Effect of adopting the amendments to FRS 117	10,713,424	151,755,828	12,561,666	2,901,598	-	177,932,516
4,248,555	-	-	-	-	-	4,248,555
At 1 August 2009 (as restated)	14,961,979	151,755,828	12,561,666	2,901,598	-	182,181,071
Charge for the year (Note 7)	1,867,360	19,773,096	1,390,152	541,307	-	23,571,915
Disposals	-	(40,304)	-	(572,536)	-	(612,840)
Write off	-	(14,879,794)	(1,722,920)	(797,087)	-	(17,399,801)
Transfer	-	78,982	(78,982)	-	-	-
Impairment loss	(254,880)	-	-	-	-	(254,880)
Exchange differences	(333,785)	(884,528)	(10,346)	(22,796)	-	(1,251,455)
At 31 July 2010	16,240,674	155,803,280	12,139,570	2,050,486	-	186,234,010
Net carrying amount						
At 31 July 2010	83,021,990	100,206,687	5,769,015	1,648,229	14,437,499	205,083,420

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)
Land and buildings*

	Freehold land RM	Leasehold land RM	Buildings RM	Staff quarters and apartment RM	Total RM
	←----- At valuation ----->			At cost	
Group					
At 31 July 2011					
At 1 August 2010 (as previously stated)	1,901,814	-	57,575,613	1,006,362	60,483,789
Effect of adopting the amendments to FRS 117	-	38,778,875	-	-	38,778,875
At 1 August 2010 (as restated)	1,901,814	38,778,875	57,575,613	1,006,362	99,262,664
Additions	-	2,181,188	467,834	-	2,649,022
Disposals	-	(224,184)	(575,816)	-	(800,000)
Transfer to investment properties	(1,630,699)	-	(3,546,084)	-	(5,176,783)
Transfer from capital-work-in-progress	-	-	936,822	-	936,822
Exchange differences	-	(286,032)	(126,996)	-	(413,028)
At 31 July 2011	271,115	40,449,847	54,731,373	1,006,362	96,458,697
Accumulated depreciation and impairment loss					
At 1 August 2010					
(as previously stated)	-	-	11,476,510	162,552	11,639,062
Effect of adopting the amendments to FRS 117	-	4,601,612	-	-	4,601,612
At 1 August 2010 (as restated)	-	4,601,612	11,476,510	162,552	16,240,674
Charge for the year (Note 7)	-	507,969	1,169,343	20,127	1,697,439
Disposals	-	(2,297)	(6,717)	-	(9,014)
Transfer to investment properties	-	-	(484,632)	-	(484,632)
Exchange differences	-	(59,502)	(150,086)	-	(209,588)
At 31 July 2011	-	5,047,782	12,004,418	182,679	17,234,879
Net carrying amount					
At 31 July 2011	271,115	35,402,065	42,726,955	823,683	79,223,818

Continued

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

Land and buildings* (cont'd)

	Freehold land RM	Leasehold land RM	Buildings RM	Staff quarters and apartment RM	Total RM
	←----- At valuation ----->			At cost	
Group					
At 31 July 2010					
At 1 August 2009 (as previously stated)	1,901,814	-	57,157,966	1,006,362	60,066,142
Effect of adopting the amendments to FRS 117	-	37,828,617	-	-	37,828,617
At 1 August 2009 (as restated)	1,901,814	37,828,617	57,157,966	1,006,362	97,894,759
Additions	-	315,795	143,500	-	459,295
Acquisition of a subsidiary	-	1,738,976	2,439,633	-	4,178,609
Impairment loss	-	(603,955)	(1,555,484)	-	(2,159,439)
Exchange differences	-	(500,558)	(610,002)	-	(1,110,560)
At 31 July 2010	1,901,814	38,778,875	57,575,613	1,006,362	99,262,664
Accumulated depreciation and impairment loss					
At 1 August 2009 (as previously stated)					
Effect of adopting the amendments to FRS 117	-	-	10,570,999	142,425	10,713,424
	-	4,248,555	-	-	4,248,555
At 1 August 2009 (as restated)	-	4,248,555	10,570,999	142,425	14,961,979
Charge for the year (Note 7)	-	504,424	1,342,809	20,127	1,867,360
Impairment loss	-	(57,658)	(197,222)	-	(254,880)
Exchange differences	-	(93,709)	(240,076)	-	(333,785)
At 31 July 2010	-	4,601,612	11,476,510	162,552	16,240,674
Net carrying amount					
At 31 July 2010	1,901,814	34,177,263	46,099,103	843,810	83,021,990

Continued

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

Company	Leasehold land RM	Buildings RM	Staff quarters and apartment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
	← Valuation →		← Cost →			
At 31 July 2011						
At 1 August 2010 (as previously stated)	-	1,957,917	481,000	1,936,134	1,044,766	5,419,817
Effect of adopting the amendments to FRS 117	4,302,857	-	-	-	-	4,302,857
At 1 August 2010 (as restated)	4,302,857	1,957,917	481,000	1,936,134	1,044,766	9,722,674
Additions	-	-	-	46,432	6,676	53,108
Write off	-	-	-	-	(5,613)	(5,613)
At 31 July 2011	4,302,857	1,957,917	481,000	1,982,566	1,045,829	9,770,169
Accumulated depreciation						
At 1 August 2010 (as previously stated)	-	352,425	86,580	1,035,143	869,983	2,344,131
Effect of adopting the amendments to FRS 117	403,391	-	-	-	-	403,391
At 1 August 2010 (as restated)	403,391	352,425	86,580	1,035,143	869,983	2,747,522
Charge for the year (Note 7)	44,821	39,158	9,620	161,979	174,385	429,963
Write off	-	-	-	-	(4,771)	(4,771)
At 31 July 2011	448,212	391,583	96,200	1,197,122	1,039,597	3,172,714
Net carrying amount						
At 31 July 2011	3,854,645	1,566,334	384,800	785,444	6,232	6,597,455

Continued

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

Company	Leasehold land RM	Buildings RM	Staff quarters and apartment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
	← Valuation →		← Cost →			
At 31 July 2010						
At 1 August 2009 (as previously stated)	-	1,957,917	481,000	1,607,632	1,044,766	5,091,315
Effect of adopting the amendments to FRS 117	4,302,857	-	-	-	-	4,302,857
At 1 August 2009 (as restated)	4,302,857	1,957,917	481,000	1,607,632	1,044,766	9,394,172
Additions	-	-	-	328,881	-	328,881
Write off	-	-	-	(379)	-	(379)
At 31 July 2010	4,302,857	1,957,917	481,000	1,936,134	1,044,766	9,722,674
Accumulated depreciation						
At 1 August 2009 (as previously stated)	-	313,267	76,960	887,956	661,030	1,939,213
Effect of adopting the amendments to FRS 117	358,570	-	-	-	-	358,570
At 1 August 2009 (as restated)	358,570	313,267	76,960	887,956	661,030	2,297,783
Charge for the year (Note 7)	44,821	39,158	9,620	147,310	208,953	449,862
Write off	-	-	-	(123)	-	(123)
At 31 July 2010	403,391	352,425	86,580	1,035,143	869,983	2,747,522
Net carrying amount						
At 31 July 2010	3,899,466	1,605,492	394,420	900,991	174,783	6,975,152

(a) Net carrying amount of property, plant and equipment pledged for borrowings as referred to in Note 23 are as follows:

	Group	
	2011 RM	2010 RM
Plant and machinery	-	1,079,348

Continued

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

(b) Land and buildings have been revalued at the reporting date based on valuations performed by accredited independent valuers in July 2011. The valuations are based on open market value.

If the land and buildings were measured using the cost model, the carrying amounts would be as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Freehold land	198,038	198,038	-	-
Leasehold land and buildings	53,128,423	52,214,095	1,005,719	1,034,451
	53,326,461	52,412,133	1,005,719	1,034,451

13. INVESTMENT PROPERTIES

Group	Freehold land RM	Building RM	Total RM
At 1 August 2010	-	-	-
Transfer from property, plant and equipment (Note 12)	1,630,699	3,061,452	4,692,151
At 31 July 2011	1,630,699	3,061,452	4,692,151

Investment properties are stated at cost. The fair value of the investment property is RM4,800,000, which is determined based on valuations at the reporting date. Valuations are performed in July 2011 by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations are based on open market value. On 31 July 2011, the Group transferred land and building that was held as property, plant and equipment to investment properties as it is held to generate rental income in the long term.

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS**(a) Land held for property development**

Group	Freehold land RM	Leasehold land RM	Total RM
At 31 July 2011			
Cost			
At 1 August 2010	115,667,453	101,007,258	216,674,711
Costs incurred during the year	4,210,536	7,796,538	12,007,074
Transfer to property development costs (Note 14(b))	(13,118,900)	(6,288,684)	(19,407,584)
At 31 July 2011	106,759,089	102,515,112	209,274,201
Carrying amount at 31 July 2011	106,759,089	102,515,112	209,274,201
At 31 July 2010			
Cost			
At 1 August 2009	131,778,683	38,733,438	170,512,121
Acquisition of a subsidiary	2,355,033	68,079,396	70,434,429
Costs incurred during the year	3,964,837	4,587,420	8,552,257
Transfer to property development costs (Note 14(b))	(22,431,100)	(15,036,500)	(37,467,600)
Reclass from property development costs (Note 14(b))	-	4,643,504	4,643,504
At 31 July 2010	115,667,453	101,007,258	216,674,711
Carrying amount at 31 July 2010	115,667,453	101,007,258	216,674,711

Continued

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs

Group	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
At 31 July 2011				
Cumulative property development costs				
At 1 August 2010	23,610,869	16,028,328	52,143,070	91,782,267
Costs incurred during the year	-	-	115,702,601	115,702,601
Transfer from land held for property development (Note 14(a))	13,118,900	6,288,684	-	19,407,584
Reversal of completed projects	(11,393,271)	-	(50,335,766)	(61,729,037)
Unsold units transferred to inventories	(2,117,028)	-	(9,692,140)	(11,809,168)
At 31 July 2011	23,219,470	22,317,012	107,817,765	153,354,247
Cumulative costs recognised in profit or loss				
At 1 August 2010	(3,363,359)	(4,986,614)	(29,028,675)	(37,378,648)
Recognised during the year (Note 5)	(12,807,414)	(10,742,081)	(89,242,660)	(112,792,155)
Reversal of completed projects	11,393,271	-	50,335,766	61,729,037
At 31 July 2011	(4,777,502)	(15,728,695)	(67,935,569)	(88,441,766)
Property development costs at 31 July 2011	18,441,968	6,588,317	39,882,196	64,912,481
At 31 July 2010				
Cumulative property development costs				
At 1 August 2009	18,690,069	2,930,615	50,772,520	72,393,204
Costs incurred during the year	-	-	85,790,316	85,790,316
Transfer from land held for property development (Note 14(a))	22,431,100	15,036,500	-	37,467,600
Reclass to land held for property development (Note 14(a))	-	(1,938,787)	(2,704,717)	(4,643,504)
Reversal of completed projects	(15,830,759)	-	(72,935,606)	(88,766,365)
Unsold units transferred to inventories	(1,679,541)	-	(8,779,443)	(10,458,984)
At 31 July 2010	23,610,869	16,028,328	52,143,070	91,782,267
Cumulative costs recognised in profit or loss				
At 1 August 2009	(5,674,599)	(262,261)	(27,792,209)	(33,729,069)
Recognised during the year (Note 5)	(13,519,519)	(4,724,353)	(74,172,072)	(92,415,944)
Reversal of completed projects	15,830,759	-	72,935,606	88,766,365
At 31 July 2010	(3,363,359)	(4,986,614)	(29,028,675)	(37,378,648)
Property development costs at 31 July 2010	20,247,510	11,041,714	23,114,395	54,403,619

Continued

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

The freehold and leasehold land under development with carrying value of RM20,895,000 (2010: RM18,064,000) has been charged as security for borrowings (Note 23).

Included in the land held for property development is interest capitalised during the year amounting to RM671,970 (2010: RM711,147).

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM	2010 RM
Unquoted shares at cost		
At beginning of year	294,836,141	175,004,223
Additions	2	111,331,920
Written off	(100,142,698)	-
Transfer from other investments	-	8,499,998
At end of year	194,693,445	294,836,141
Accumulated impairment losses		
At beginning of year	100,142,698	200,001
Additions	-	91,642,700
Transfer from other investments	-	8,499,998
Written off	(100,142,698)	(200,001)
At end of year	-	100,142,698
Net carrying amount as at end of year	194,693,445	194,693,443

Details of the subsidiaries are as follow:

Name of subsidiaries	Principal activities	Proportion of ownership interest	
		2011 %	2010 %
Subsidiaries of the Company in Malaysia			
Scientex Quatari Sdn. Bhd. ("SQSB")	Investment holding, property investment and development	100.00	100.00
Scientex Industries Group Sdn. Bhd. ("SIGSB")	Manufacturing of polyvinyl chloride ("PVC") films and sheets and fibre containers, printing of corrugated carton boxes, manufacturing and distribution of PVC leather cloth and PVC sheeting, thermoplastic olefins ("TPO")/polypropylene ("PP") and PVC/PP foam skin materials and tufted carpet mats for automotive interior, and trading of packaging related materials	100.00	100.00
Scientex Packaging Film Sdn. Bhd. ("SPFSB")	Manufacturing of stretch film	100.00	100.00
Scientex Management Sdn. Bhd. ("SMSB")	Rendering of management services	100.00	100.00
Scientex Packaging Berhad #	Ceased operations	100.00	100.00

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follow: (cont'd)

Name of subsidiaries	Principal activities	Proportion of ownership interest	
		2011 %	2010 %
Subsidiaries of the Company in Malaysia (cont'd)			
Scientex Polymer Sdn. Bhd. ("SPSB")	Investment holding	100.00	100.00
Scientex Solar Sdn. Bhd. +	Dormant	100.00	100.00
Scientex Trading Sdn. Bhd. ("STSB") ^	Dormant	-	98.89
Scientex Enterprise Sdn. Bhd. ^	Dormant	-	100.00
Subsidiary of the Company outside Malaysia			
The Socialist Republic of Vietnam			
Scientex Tsukasa (Vietnam) Co., Ltd. *	Manufacturing of PP and polyethylene ("PE") woven bags and fabrics, flexible intermediate bulk containers and raffia tape	75.00	75.00
Subsidiaries of SPSB in Malaysia			
Woventex Sdn. Bhd.	Manufacturing of PP and PE woven bags and fabrics. Ceased operations during the year	100.00	100.00
Scientex Containers Sdn. Bhd. ^^	Ceased operations	100.00	100.00
Scientex Resources Sdn. Bhd. ^^	Ceased operations	100.00	100.00
Scientex Auto Industries Sdn. Bhd. ^	Dormant	-	100.00
Yamatex (Malaysia) Sdn. Bhd. ^	Dormant	-	100.00
Subsidiaries of SPSB outside Malaysia			
(i) Japan			
Scientex (Japan) Co., Ltd. *	Manufacturing and marketing of tufted carpet mats for motor vehicles and research and development of polymer automotive interior materials	100.00	100.00
(ii) The Socialist Republic of Vietnam			
Scientex Polymer (Vietnam) Co., Ltd. *	Manufacturing and export of carpet mats for motor vehicles	100.00	100.00

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follow: (cont'd)

Name of subsidiaries	Principal activities	Proportion of ownership interest	
		2011 %	2010 %
Subsidiaries of SQSB in Malaysia			
Scientex Heights Sdn. Bhd. ("SHSB")	Property development	100.00	100.00
Scientex Metro Holdings Sdn. Bhd. ("SMHSB") **	Dormant	95.00	85.00
Scientex Park (M) Sdn. Bhd.	Property investment and development	60.00	60.00
Texland Sdn. Bhd.	Property investment and development	90.00	90.00
Scientex (Skudai) Sdn. Bhd.	Property development	100.00	100.00
Scientex Development (Pasir Gudang) Sdn. Bhd. ^	Dormant	-	100.00
Scientex Property Sdn. Bhd. ^	Dormant	-	100.00
Subsidiary of SIGSB outside Malaysia			
Indonesia			
PT. Scientex Indonesia	Sales and marketing of laminating polyurethane adhesives	100.00	100.00
Subsidiary of SPFSB in Malaysia			
Pan Pacific Straptext Sdn. Bhd.	Manufacturing of PP strapping band	65.00	65.00
Subsidiary of SMSB in Malaysia			
KC Contract Sdn. Bhd.	Property construction	65.00	65.00
Subsidiary of STSB in Malaysia			
Scientex Chemical Sdn. Bhd. ^	Dormant	-	100.00

* Audited by firms other than Ernst & Young.

^ The companies have been struck off pursuant to Section 308 of the Companies Act, 1965.

^^ On applications by the companies, the Companies Commission of Malaysia ("CCM") has issued notices for the companies to be struck off from the Register under Section 308 of the Companies Act, 1965, upon expiration of three months from the date of CCM's notices, unless cause is shown on the contrary.

+ The company was formerly a direct subsidiary of SHSB.

The company was placed under members' voluntary winding-up since 20 December 2010, pursuant to Section 254(1)(b) of the Companies Act, 1965.

** SQSB acquired additional 10% equity interest in SMHSB for cash consideration of RM350,226.

Continued

16. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
In Malaysia:				
Unquoted shares, at cost	22,500,000	-	22,500,000	-
Share of post-acquisition reserves	(1,002)	-	-	-
	22,498,998	-	22,500,000	-

In the current financial year, the Group entered into a joint venture with Mitsui Chemicals Tohcello, Inc. to manufacture ethylene-vinyl acetate encapsulant films. The Group has 50% (2010: Nil) equity interest in the jointly controlled entity known as MCTI Scientex Solar Sdn. Bhd. ("MSS"). This joint venture is incorporated in Malaysia.

MSS was incorporated on 31 March 2011 and has a financial year end of 30 June. For the purpose of applying the equity method of accounting, the financial statements of MSS for the period ended 31 July 2011 have been used.

The summarised financial information of the jointly controlled entity is as follows:

	Group	
	2011 RM	2010 RM
Assets and liabilities		
Current assets	44,941,958	-
Non-current assets	634,485	-
Total assets	45,576,443	-
Current liabilities	(578,448)	-
Results		
Revenue	-	-
Loss for the period	(2,004)	-

17. INVESTMENT IN ASSOCIATE

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
In Malaysia:				
Unquoted shares, at cost	3,000,000	3,000,000	3,000,000	3,000,000
Share of post-acquisition reserves	6,613,750	5,881,672	-	-
	9,613,750	8,881,672	3,000,000	3,000,000
Share of post-acquisition reserves:				
At 1 August	5,881,672	3,914,533	-	-
Share of results	777,078	1,967,139	-	-
Dividend received	(45,000)	-	-	-
At 31 July	6,613,750	5,881,672	-	-

Continued

17. INVESTMENT IN ASSOCIATE (CONT'D)

Details of the associate is as follows:

Name of associate	Principal activities	Proportion of ownership interest	
		2011 %	2010 %
Incorporated in Malaysia			
Cosmo Scientex (M) Sdn. Bhd.	Manufacturing and distributing urethane prepolymer	30.00	30.00

Cosmo Scientex (M) Sdn. Bhd. has a financial year end of 31 December. For the purpose of applying the equity method of accounting, the unaudited financial statements of Cosmo Scientex (M) Sdn. Bhd. as at 31 July 2011 have been used and appropriate adjustments have been made for the effect of significant transactions between 31 December 2010 and that of 31 July 2011.

The summarised financial information of the associate is as follows:

	Group	
	2011 RM	2010 RM
Assets and liabilities		
Current assets	42,214,010	33,513,011
Non-current assets	22,555,798	26,015,018
Total assets	64,769,808	59,528,029
Current liabilities	(27,108,336)	(22,682,288)
Non-current liabilities	(5,615,639)	(7,240,168)
Total liabilities	(32,723,975)	(29,922,456)
Results		
Revenue	102,870,782	86,852,800
Profit for the year	2,590,260	6,557,130

18. OTHER INVESTMENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Available-for-sale financial assets				
Equity instruments outside Malaysia (unquoted), at cost	4,746,002	4,746,002	4,746,000	4,746,000
Club memberships, at cost	391,728	391,728	142,728	142,728
	5,137,730	5,137,730	4,888,728	4,888,728
Less: Provision for impairment - club memberships	(101,000)	(101,000)	(61,000)	(61,000)
	5,036,730	5,036,730	4,827,728	4,827,728

Continued

19. INVENTORIES

	Group	
	2011 RM	2010 RM
Cost		
Properties held for sale	22,282,806	26,454,473
Raw materials	29,503,519	20,688,636
Work-in-progress	3,378,963	5,754,318
Spare parts	319,111	258,964
Finished products	8,710,875	6,494,889
	64,195,274	59,651,280
Net realisable value		
Properties held for sale	2,833,426	2,833,426
Raw materials	571,599	441,755
Work-in-progress	12,177	7,072
Finished products	150,726	441,079
	3,567,928	3,723,332
	67,763,202	63,374,612

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade receivables				
Third parties	100,342,519	93,300,368	-	-
Associate	12,577	8,262	-	-
	100,355,096	93,308,630	-	-
Less: Allowance for impairment - Third parties	(902,204)	(1,213,749)	-	-
Trade receivables, net	99,452,892	92,094,881	-	-
Other receivables				
Amounts due from subsidiaries	-	-	36,528,977	53,289,938
Amounts due from associate	138,223	109,408	6,643	28,513
Deposits	2,134,034	2,027,651	39,073	36,873
Deposit on purchase of property, plant and machinery	2,160,663	162,000	-	-
Sundry receivables	1,611,571	1,377,875	6,075	1,176
	6,044,491	3,676,934	36,580,768	53,356,500
Less: Allowance for impairment	-	(25,662)	-	-
Other receivables, net	6,044,491	3,651,272	36,580,768	53,356,500
Total trade and other receivables	105,497,383	95,746,153	36,580,768	53,356,500
Add: Cash and bank balances (Note 22)	40,952,837	23,353,468	658,423	387,357
Total loans and receivables	146,450,220	119,099,621	37,239,191	53,743,857

Continued

20. TRADE AND OTHER RECEIVABLES (CONT'D)**(a) Trade receivables**

Trade receivables are non-interest bearing and are generally on 14 to 120 days (2010: 14 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2011 RM	2010 RM
Neither past due nor impaired	93,637,537	85,865,741
1 to 30 days past due not impaired	2,631,164	4,088,570
31 to 60 days past due not impaired	820,742	721,069
61 to 90 days past due not impaired	1,165,304	527,858
91 to 120 days past due not impaired	1,198,145	724,582
More than 121 days past due not impaired	-	167,061
Impaired	5,815,355 902,204	6,229,140 1,213,749
	100,355,096	93,308,630

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM5,815,355 (2010: RM6,229,140) that are past due at the reporting date but not impaired. These relate to credit worthy customers that the Group continue to trade actively with. Based on the past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

Receivables that are impaired

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

	Group	
	2011 RM	2010 RM
Trade receivables-nominal amounts	902,204	1,213,749
Less: Allowance for impairment	(902,204)	(1,213,749)
	-	-
Movement in allowance accounts:		
At 1 August	1,213,749	1,609,526
Charge for the year (Note 7)	75,185	490,123
Written off during the year	(312,632)	(424,758)
Write back of impairment (Note 7)	(74,098)	(473,263)
Acquisition of subsidiary	-	12,121
At 31 July	902,204	1,213,749

Continued

20. TRADE AND OTHER RECEIVABLES (CONT'D)**(a) Trade receivables (cont'd)**Receivables that are impaired (cont'd)

Trade receivables that are impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Included in trade receivables are retention sums on property development activity amounting to RM9,070,547 (2010: RM6,155,134).

(b) Amounts due from related and associated companies

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

Further details on related party transactions are disclosed in Note 33.

(c) Other receivablesOther receivables that are impaired

In the prior year, the Group provided an allowance of RM25,662 for impairment. The amount has been written off in the current financial year. There is no allowance for impairment for other receivables as at the reporting date.

Deposit on purchase of property, plant and machinery

Included in deposit on purchase of property, plant and machinery is a deposit of RM1,802,600 paid for the acquisition of a piece of vacant leasehold industrial land measuring 12.54 acres strategically situated at Pulau Indah, opposite the Group's current manufacturing facility for stretch film, for a cash consideration of RM12,017,333. This acquisition will enable the Group to expand its manufacturing facility and boost production capacity for stretch film and other range of products portfolio.

The above acquisition was completed on 9 September 2011.

21. OTHER CURRENT ASSETS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Prepaid operating expenses	1,825,051	2,058,876	112,217	59,633
Tax recoverable	54,867	449,351	6,076	93,343
	1,879,918	2,508,227	118,293	152,976

22. CASH AND BANK BALANCES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash at banks and on hand	8,211,371	21,094,788	108,423	387,357
Short term deposits with:				
Licensed banks	-	2,258,680	-	-
Other financial institutions	32,741,466	-	550,000	-
Cash and bank balances	40,952,837	23,353,468	658,423	387,357

Other financial institutions are licensed fund management companies in Malaysia.

Short-term deposits with licensed banks are made for varying periods depending on the immediate cash requirements of the Group. For short term deposit with other financial institutions, the redemption period is based on one working day upon notification of withdrawal given to the financial institution. The weighted average effective interest rates as at 31 July 2011 for the Group and the Company were 3.01% (2010: 2.2%) and 3.11% (2010: Nil) respectively.

Continued

22. CASH AND BANK BALANCES (CONT'D)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	40,952,837	23,353,468	658,423	387,357
Bank overdrafts (Note 23)	(187,500)	(180,000)	-	-
Cash and cash equivalents	40,765,337	23,173,468	658,423	387,357

Included in cash at banks of the Group are amounts of RM1,709,324 (2010: RM3,021,847) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

23. LOANS AND BORROWINGS

	Group	
	2011 RM	2010 RM
Current		
Secured:		
Revolving credits	-	5,300,000
Term loans	-	203,948
	-	5,503,948
Unsecured:		
Bank overdrafts	187,500	180,000
Short term loan	-	480,000
Bankers' acceptance	-	5,986,000
Onshore foreign currency loan	30,484,829	7,782,662
Revolving credits	-	9,950,000
Term loans	6,837,500	12,136,000
	37,509,829	36,514,662
	37,509,829	42,018,610
Non-current		
Term loans, secured	-	458,880
Term loans, unsecured	10,000,000	25,710,000
	10,000,000	26,168,880
Total loans and borrowings		
Bank overdrafts (Note 22)	187,500	180,000
Short term loan	-	480,000
Bankers' acceptance	-	5,986,000
Onshore foreign currency loan	30,484,829	7,782,662
Revolving credits	-	15,250,000
Term loans	16,837,500	38,508,828
	47,509,829	68,187,490

Continued

23. LOANS AND BORROWINGS (CONT'D)

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

	Group	
	2011 RM	2010 RM
On demand or within one year	37,509,829	42,018,610
More than 1 year and less than 2 years	5,000,000	9,663,948
More than 2 years and less than 5 years	5,000,000	16,504,932
	47,509,829	68,187,490

The effective interest rates at the reporting date for borrowings were as follows:

	Group	
	2011 %	2010 %
Bank overdrafts	2.98	3.13
Short term loan	-	3.01
Bankers' acceptance	-	3.42
Onshore foreign currency loan	1.01	1.24
Revolving credits	-	3.83
Term loans	4.11	3.72

The term loans, bank overdrafts and other banking facilities are secured by the following:

- (a) Fixed third party charge over freehold land of the Group with carrying value of RM5,700,000 (2010: RM5,700,000);
- (b) First party charge and third party second charge over leasehold vacant land with carrying value of RM15,195,000 (2010: RM12,364,000) of a subsidiary, Scientex Heights Sdn Bhd;
- (c) In prior year, there was a mortgage of machinery of RM1,079,348 of a subsidiary, Scientex Tsukasa (Vietnam) Co., Ltd (Note 12(a)); and
- (d) Negative pledges on all the other assets held by 4 (2010: 7) subsidiaries and the Company. The carrying value of all the other assets held by the subsidiaries is RM416,340,079 (2010: RM428,467,600).

24. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined benefit lump sum plan. A lump sum benefit is payable to the employees at the normal retirement age of 55. The plan is applicable to employees who have a minimum 5 years of service.

(a) Statement of financial position

The amounts recognised in the statement of financial position are determined as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Present value of unfunded defined benefit	7,458,160	6,972,543	1,719,963	1,564,422
Analysed as:				
Current:	361,376	658,901	38,767	154,343

Continued

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**(a) Statement of financial position (cont'd)**

The amounts recognised in the statement of financial position are determined as follows: (cont'd)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Analysed as: (cont'd)				
Non-current:				
Later than 1 year but not later than 2 years	301,701	1,136,976	43,439	306,814
Later than 2 years	6,795,083	5,176,666	1,637,757	1,103,265
	7,096,784	6,313,642	1,681,196	1,410,079
	7,458,160	6,972,543	1,719,963	1,564,422

The movement in the present value of the defined benefit obligations over the year is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At beginning of year	6,972,543	6,223,581	1,564,422	1,192,330
Current service cost (Note 8)	744,484	924,882	284,296	372,092
Paid during the year	(258,867)	(175,920)	(128,755)	-
At end of year	7,458,160	6,972,543	1,719,963	1,564,422

(b) Income statement and statement of comprehensive income

The amounts recognised in the profit and loss are included in the following line items:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cost of sales	250,846	67,687	-	-
Administrative expenses	449,860	723,182	284,296	372,092
Selling and distribution expenses	43,778	134,013	-	-
	744,484	924,882	284,296	372,092

(c) Actuarial assumptions

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Discount rate	7%	7%	7%	7%
Future salary increases	5%	5%	5%	5%

The present value of the pension obligation is determined using actuarial valuations. The actuarial valuations were recomputed during the financial year ended 31 July 2010 by Mercer Zainal Consulting Sdn Bhd, an independent professional actuaries.

Continued

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables				
Third parties	92,756,718	76,468,304	-	-
Associate	9,358,402	9,046,093	-	-
Amounts due to customers on contracts (Note 26)	3,714,990	1,812,854	-	-
	105,830,110	87,327,251	-	-
Other payables				
Amounts due to subsidiaries	-	-	33,321,784	24,784,598
Deposits	1,431,370	756,342	1,200	1,200
Accruals	19,063,092	21,075,374	2,322,411	3,047,994
Sundry payables	10,396,588	9,562,025	10,097	46,873
Dividend payable	-	6,462,106	-	6,462,106
Sinking fund	-	998	-	-
	30,891,050	37,856,845	35,655,492	34,342,771
Total trade and other payables	136,721,160	125,184,096	35,655,492	34,342,771
Add: Loans and borrowings (Note 23)	47,509,829	68,187,490	-	-
Less: Amounts due to customers on contracts (Note 26)	(3,714,990)	(1,812,854)	-	-
Total financial liabilities carried at amortised cost	180,515,999	191,558,732	35,655,492	34,342,771

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit terms granted to the Group range from 30 to 120 days (2010: 30 to 120 days).

(b) Amounts due to related and associated companies

Amounts due to subsidiaries and associate are unsecured, non-interest bearing and are repayable on demand.

(c) Retention sum

Included in trade payables are retention sums on property development activity amounting to RM2,661,312 (2010: RM1,671,690).

(d) Sinking fund

The fund represents amounts received from residents of low cost flats and shops for future cost of maintenance of infrastructure and other expenses for the said premises, net of the expenses incurred as at the reporting date.

Continued

26. AMOUNTS DUE TO CUSTOMERS ON CONTRACTS

	Group	
	2011 RM	2010 RM
Construction contract costs incurred to date	41,171,404	19,365,712
Attributable profits	2,191,114	844,635
	43,362,518	20,210,347
Less: Progress billings	(47,077,508)	(22,023,201)
	(3,714,990)	(1,812,854)

27. DEFERRED TAX LIABILITIES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At beginning of year	20,638,784	17,722,671	1,202,382	1,221,082
Acquisition of subsidiary	-	4,836,390	-	-
Recognised in profit or loss (Note 10)	(953,345)	(1,438,561)	(8,884)	(18,700)
Recognised in equity	-	(476,140)	-	-
Exchange differences	(3,857)	(5,576)	-	-
At end of year	19,681,582	20,638,784	1,193,498	1,202,382
Presented after appropriate offsetting as follows:				
Deferred tax assets	(19,270,093)	(20,000,832)	-	-
Deferred tax liabilities	38,951,675	40,639,616	1,193,498	1,202,382
	19,681,582	20,638,784	1,193,498	1,202,382

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Revaluation of land and building RM	Others RM	Total RM
At 1 August 2010	20,076,576	20,498,832	64,208	40,639,616
Recognised in the profit or loss	(10,857)	(1,672,956)	-	(1,683,813)
Exchange differences	(358)	(3,770)	-	(4,128)
At 31 July 2011	20,065,361	18,822,106	64,208	38,951,675
At 1 August 2009	23,649,669	11,933,138	59,355	35,642,162
Acquisition of subsidiary	200,747	10,064,317	11,817	10,276,881
Recognised in the profit or loss	(3,773,840)	(1,022,483)	-	(4,796,323)
Recognised in equity	-	(476,140)	-	(476,140)
Exchange differences	-	-	(6,964)	(6,964)
At 31 July 2010	20,076,576	20,498,832	64,208	40,639,616

Continued

27. DEFERRED TAX LIABILITIES (CONT'D)**Deferred tax assets of the Group:**

	Unabsorbed reinvestment allowances RM	Unabsorbed tax losses and capital allowances RM	Others RM	Total RM
At 1 August 2010	(13,488,172)	(4,188,070)	(2,324,590)	(20,000,832)
Recognised in the profit or loss	318,727	304,145	107,596	730,468
Exchange differences	-	-	271	271
At 31 July 2011	(13,169,445)	(3,883,925)	(2,216,723)	(19,270,093)
At 1 August 2009	(15,584,567)	(286,577)	(2,048,347)	(17,919,491)
Acquisition of subsidiary	-	(3,902,450)	(1,538,041)	(5,440,491)
Recognised in the profit or loss	2,096,395	957	1,260,410	3,357,762
Exchange differences	-	-	1,388	1,388
At 31 July 2010	(13,488,172)	(4,188,070)	(2,324,590)	(20,000,832)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM	Revaluation of land and building RM	Total RM
At 1 August 2010	72,696	1,129,686	1,202,382
Recognised in the profit or loss	(23,412)	14,528	(8,884)
At 31 July 2011	49,284	1,144,214	1,193,498
At 1 August 2009	75,459	1,145,623	1,221,082
Recognised in the profit or loss	(2,763)	(15,937)	(18,700)
At 31 July 2010	72,696	1,129,686	1,202,382

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Unabsorbed tax losses	15,885,481	15,101,470	638,719	638,719
Unabsorbed capital allowances	9,756,769	21,821,684	2,129,330	2,982,394
Unabsorbed reinvestment allowances	8,744,344	7,353,118	-	-
Others	2,930,876	4,012,375	1,853,208	1,938,170
	37,317,470	48,288,647	4,621,257	5,559,283

Unrecognised tax losses

At the reporting date, the Group has tax losses of approximately RM15,885,481 (2010: RM15,101,470) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Continued

27. DEFERRED TAX LIABILITIES (CONT'D)Tax consequences of proposed dividends

There are no income tax consequences (2010: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

28. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2011	2010	2011 RM	2010 RM
Authorised:				
At beginning of year/at end of year	400,000,000	400,000,000	200,000,000	200,000,000
Issued and fully paid:				
At beginning of year/ at end of year	230,000,000	230,000,000	115,000,000	115,000,000

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company as prescribed in the Articles of Association of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

The Company acquired 363,200 (2010: 200) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM728,685 (2010: RM372) and this was presented as a component within shareholders' equity.

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

Of the total 230,000,000 (2010: 230,000,000) issued and fully paid ordinary shares as at 31 July 2011, 14,959,662 (2010: 14,596,462) are held as treasury shares by the Company. As at 31 July 2011, the number of outstanding ordinary shares in issue after the setoff is therefore 215,040,338 (2010: 215,403,538) ordinary shares of RM0.50 each.

29. RESERVES**(a) Property revaluation surplus**

Property revaluation surplus represents increases in the fair value of land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(b) Foreign currency translation reserves

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

(c) Capital redemption reserves

Capital redemption reserves arose from the cancellation of preference shares and treasury shares in a subsidiary and the Company, respectively.

(d) Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 July 2011 under the single tier system.

Continued

30. DIVIDENDS

	Group and Company	
	2011 RM	2010 RM
Recognised during the financial year:		
First and final dividend for 2009: 10% single tier dividend on 215,403,638 ordinary shares (5 sen per ordinary share)	-	10,770,182
Interim dividend for 2010: 6% single tier dividend on 215,403,538 ordinary shares (3 sen per ordinary share)	-	6,462,106
Final dividend for 2010: 12% single tier dividend on 215,272,438 ordinary shares (6 sen per ordinary share)	12,916,346	-
Interim dividend for 2011: 10% single tier dividend on 215,040,338 ordinary shares (5 sen per ordinary share)	10,752,017	-
	23,668,363	17,232,288

	Group and Company	
	2011 RM	2010 RM
Proposed but not recognised as a liability as at 31 July:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM: - Single tier final dividend for 2011: 14% single tier dividend on 215,040,338 ordinary shares (2010: 12% on 215,272,438 ordinary shares)	15,052,824	12,916,346

At the forthcoming Annual General Meeting ("AGM"), a single tier final dividend of 14% in respect of the financial year ended 31 July 2011 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2012.

31. COMMITMENTS**Capital commitments**

Capital expenditure as at the reporting date is as follows:

	Group	
	2011 RM	2010 RM
Capital expenditure		
Approved and contracted for:		
Consideration for acquisition of property, plant and machinery	25,697,233	13,064,000
Deposit paid (Note 20)	(2,160,663)	(162,000)
Amount paid and transferred to plant and machinery	(1,762,539)	(8,960,000)
Amount to be settled upon completion of acquisition	21,774,031	3,942,000

Continued

32. CONTINGENT LIABILITIES

	Company	
	2011 RM	2010 RM
Unsecured		
Corporate guarantees for subsidiaries	45,672,329	58,235,587

The corporate guarantees are provided to banks and financial institutions to secure banking facilities for the subsidiaries. The directors are of the opinion that the likelihood of crystallisation of the above corporate guarantees are remote.

33. RELATED PARTY TRANSACTIONS**(a) Sale and purchase of goods and services**

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

	2011 RM	2010 RM
Group		
Associate:		
- Sales (i)	(526,110)	(211,738)
- Purchase (ii)	30,204,834	22,395,048
- Management fees (iii)	(120,000)	(120,000)
- Rental income (iv)	(176,400)	(176,400)
Jointly controlled entity:		
- Rental income (iv)	(308,800)	-
Company		
Associate:		
- Management fees (iii)	(120,000)	(120,000)
- Rental income (iv)	(32,400)	(32,400)
- Dividend income	(60,000)	-
Subsidiaries:		
- Management fees (iii)	(540,000)	(1,650,000)
- Technical assistance fees (iii)	(1,029,867)	(810,343)
- Project management fees (iii)	(12,854,485)	(8,823,571)
- Dividend income	(27,867,086)	(15,053,046)
- Purchase of equity interest	2	110,186,873
- Waiver of debts	(953,603)	(171,048,753)

- (i) The sales were made at arm's length pricing and has credit terms of 60 days (2010: 60 days).
- (ii) The purchase of products from associate were made according to the published prices and conditions offered by these related parties to their major customers.
- (iii) The rendering of services to associate and subsidiaries were made at arm's length pricing and is repayable on demand.
- (iv) The rental payable by the associate and jointly controlled entity was made at arm's length pricing and is repayable on demand.

Continued

33. RELATED PARTY TRANSACTIONS (CONT'D)**(b) Compensation of key management personnel**

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages and salaries and other emoluments	11,005,880	7,750,020	5,025,000	3,754,400
Fees	30,000	30,000	30,000	30,000
Defined contribution plans	1,936,620	927,912	886,500	450,528
	12,972,500	8,707,932	5,941,500	4,234,928

Included in compensation of key management personnel of the Group and of the Company are directors' remuneration amounting to RM6,827,520 (2010: RM4,597,920) and RM1,605,000 (2010: RM1,374,000) respectively.

34. SEGMENTAL INFORMATION

For management purposes, the Group is organised into two major business units based on their products and services and has two reportable operating segments namely, property segment and manufacturing segment. The property segment is in the business of constructing and developing residential and commercial properties. The manufacturing segment is mainly in the business of manufacturing various packaging products and manufacturing materials for automotives interior. Included in this segment is also the sales and marketing of laminating polyurethane adhesives, of which is regarded by the management to exhibit similar economic characteristics.

Management monitors the operating results of its business units separately for the purpose of decision making on resource allocation and performance assessment. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(a) Analysis by activity

	Note	Manufacturing RM	Property development RM	Consolidated RM
31 July 2011				
Revenue		585,208,505	218,814,285	804,022,790
Results				
Interest income		32,311	362,489	394,800
Interest expense		1,056,469	516,603	1,573,072
Depreciation		20,756,225	1,057,371	21,813,596
Share of results of associate and jointly controlled entity		776,076	-	776,076
Property, plant and equipment written off		-	842	842
Other non-cash expenses	(ii)	(5,990)	306,663	300,673
Segment profit	(i)	35,441,032	61,996,213	97,437,245
Assets				
Segment assets	(iii)	341,380,058	351,527,673	692,907,731
Investment in associate		9,613,750	-	9,613,750
Investment in jointly controlled entity		22,498,998	-	22,498,998
Income tax assets		48,791	6,076	54,867
Consolidated total assets				725,075,346

Continued

34. SEGMENTAL INFORMATION (CONT'D)**(a) Analysis by activity (cont'd)**

	Note	Manufacturing RM	Property development RM	Consolidated RM
31 July 2011				
Liabilities				
Segment liabilities		155,410,361	36,278,788	191,689,149
Income tax payable		275,001	7,308,069	7,583,070
Deferred tax liabilities		2,853,954	16,827,628	19,681,582
Consolidated total liabilities				218,953,801

	Note	Manufacturing RM	Property development RM	Consolidated RM
31 July 2010				
Revenue				
		545,019,902	149,795,644	694,815,546
Results				
Interest income		25,670	447,550	473,220
Interest expense		832,118	427,942	1,260,060
Depreciation and amortisation		22,575,893	996,022	23,571,915
Share of results of associate		1,967,139	-	1,967,139
Negative goodwill on consolidation recognised		5,670,172	-	5,670,172
Property, plant and equipment written off		2,474,903	256	2,475,159
Other non-cash expenses	(ii)	365,970	513,016	878,986
Segment results	(i)	36,933,264	33,113,451	70,046,715
Assets				
Segment assets	(iii)	314,366,852	351,364,737	665,731,589
Investment in associate		8,881,672	-	8,881,672
Income tax assets		326,384	122,967	449,351
Consolidated total assets				675,062,612
Liabilities				
Segment liabilities		131,979,661	68,364,468	200,344,129
Income tax payable		204,613	3,078,381	3,282,994
Deferred tax liabilities		1,770,601	18,868,183	20,638,784
Consolidated total liabilities				224,265,907

Notes

- (i) The following items are added to/(deducted from) segment profit to arrive at 'profit before tax' presented in the consolidated income statement:

	2011 RM	2010 RM
Share of results of associate and jointly controlled entity	776,076	1,967,139
Finance costs (Note 6)	(1,573,072)	(1,260,060)
	(796,996)	707,079

Continued

34. SEGMENTAL INFORMATION (CONT'D)**(a) Analysis by activity (cont'd)****Notes (cont'd)**

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

	2011 RM	2010 RM
Provision for retirement benefit	744,484	924,882
Allowance for impairment on trade receivables	75,185	490,123
Impairment loss for club memberships	-	14,000
(Write back)/write off of inventories	(255,463)	810,862
Write back of impairment on trade receivables	(74,098)	(473,263)
Net unrealised gain on foreign exchange	(189,435)	(887,618)
	300,673	878,986

(iii) Included in segment assets is addition to non-current assets of:

	Manufacturing RM	Property development RM	Consolidated RM
2011			
Property, plant and equipment	15,479,909	927,062	16,406,971
2010			
Property, plant and equipment	21,508,631	2,509,093	24,017,724
Land held for property development	-	70,434,429	70,434,429
	21,508,631	72,943,522	94,452,153

(b) Geographical information

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

	Revenue		Non-current assets	
	2011 RM	2010 RM	2011 RM	2010 RM
Malaysia	348,666,476	269,365,347	428,595,070	417,725,020
Japan	261,597,813	265,971,831	-	-
Australia	47,132,477	51,536,872	-	-
Indonesia	39,119,665	30,888,622	64,399	43,628
The Socialist Republic of Vietnam	387,307	1,473,821	15,410,056	17,907,885
Others	107,119,052	75,579,053	-	-
Consolidated	804,022,790	694,815,546	444,069,525	435,676,533

Continued

34. SEGMENTAL INFORMATION (CONT'D)**(b) Geographical information (cont'd)**

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

	2011 RM	2010 RM
Property, plant and equipment	192,953,695	205,083,420
Land held for property development	209,274,201	216,674,711
Investment properties	4,692,151	-
Investment in jointly controlled entity	22,498,998	-
Investment in associate	9,613,750	8,881,672
Other investments	5,036,730	5,036,730
	444,069,525	435,676,533

Revenue from one major customer amount to RM236,145,269 (2010: RM229,948,683), arising from sales by the manufacturing segment.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS**A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

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

	Note
Other investments	18

Investment in equity instruments carried at cost (Note 18)

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in an overseas company that is not quoted on any market and does not have any comparable industry peer that is listed. The Group does not intend to dispose this investment in the foreseeable future.

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

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

	Note
Trade and other receivables	20
Trade and other payables	25
Loans and borrowings	23

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

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

Continued

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Head of Finance. The audit committee provides an independent oversight to the effectiveness of the risk management process. The Group and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the businesses whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk.

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

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit risk arising from export sales trade receivables are mitigated through settlements via letters of credit or bank guarantees issued by reputable banks in countries where the customers are based.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair values.

Credit risk concentration profile

At the reporting date, the Group does not have any significant exposure to any individual customer or counterparty.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions, that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

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

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

At the reporting date, the Group's remaining financial liability is the trade and other payables, which is disclosed in Note 25. All the trade and other payables, analysed based on the contractual undiscounted repayment obligations, have maturity profiles of either payable on demand or within one year.

Continued

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**(c) Interest rate risk**

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's net profit would have been RM52,305 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign exchange risk

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

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

Approximately 57% (2010: 61%) of the Group's sales are denominated in foreign currencies whilst approximately 59% (2010: 65%) of cost of sales are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the reporting date that are denominated in foreign currencies are approximately 26% and 50% (2010: 32% and 53%) respectively.

Sensitivity analysis for foreign currency risk

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

		Group 2011 RM Net profit
USD/RM	- strengthened 3%	1,987,618
	- weakened 3%	(1,987,618)
Yen/RM	- strengthened 3%	105,918
	- weakened 3%	(105,918)

Continued

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group monitors capital using a gearing ratio, which is net debt divided by total capital.

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

The Group includes within net debt, interest-bearing loans and borrowings, less cash and bank balances. Capital comprise equity attributable to the owners of the parent less the fair value adjustment reserve.

As at 31 July 2011, the Group have sufficient current assets to settle the current liabilities in full.

	Group	
	2011 RM	2010 RM
Loans and borrowings (Note 23)	47,509,829	68,187,490
Less: Cash and bank balances (Note 22)	(40,952,837)	(23,353,468)
Net debt	6,556,992	44,834,022
Equity attributable to the owners of the parent	467,343,798	414,348,012
Capital and net debt	473,900,790	459,182,034
Net gearing ratio	0.01	0.11

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 July 2011 were authorised for issue in accordance with a resolution of directors on 1 November 2011.

39. COMPARATIVES

The following comparative amounts as at 31 July 2011 have been reclassified to restate other reserves as they arose from share of related companies in prior years.

	As previously stated RM	Adjustments RM	As restated RM
Group			
At 1 August 2009			
Share premium	21,349,712	(2,116,738)	19,232,974
Other reserves	460,816	2,116,738	2,577,554
At 1 August 2010			
Share premium	21,349,712	(2,116,738)	19,232,974
Other reserves	460,816	2,116,738	2,577,554

Continued

40. SUPPLEMENTARY INFORMATION
- BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

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

	Group 2011 RM	Company 2011 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	401,947,740	110,786,771
- Unrealised	(516,916)	(49,284)
	401,430,824	110,737,487
Total share of retained earnings from associate and jointly controlled entity		
- Realised	6,891,190	-
- Unrealised	(278,442)	-
	6,612,748	-
Less: Consolidation adjustments	(97,519,038)	-
Total retained earnings	310,524,534	110,737,487

List Of Properties Held By The Group

as at 31 July 2011

Location	Description/ Existing Use	Tenure	Site Area (sq.ft.)	Built-up Area (sq.ft.)	Net Book Value RM'000	Age of Building (Year)	Year of Acquisition/ Revaluation*
PN 11000 Lot No. 947 Mukim Pulai District of Johor Bahru Johor	Land for future mixed development	Leasehold for 991 years expiring on 3 Sept 2911	5,759,068	-	61,061	-	2010
6 parcels of land in Taman Scientex Mukim of Plentong District of Johor Bahru Johor	Land for future mixed development	Freehold	6,277,537	-	41,873	-	2004*
Taman Scientex - various sub-divided lots in Mukim of Plentong District of Johor Bahru Johor	On-going mixed development project	Freehold	4,711,829	-	35,648	-	1993
H.S. (D) 180797 PTD 8006 Mukim of Sedenak District of Johor Bahru Johor	Land for future mixed development	Freehold	9,017,496	-	28,096	-	2007
H.S. (D) 69906 & 69907 P.T. No. 20998 & 20999 Taman Muzaffar Heights Mukim Bukit Katil, Melaka District of Melaka Tengah Melaka	Land for future mixed development	Leasehold for 99 years expiring on 21.02.2110	3,479,552	-	26,514	-	2009
P.T. No. 125486 Mukim and District of Klang Selangor Darul Ehsan	Land, factory buildings, warehouse and office for industrial use	Leasehold for 99 years expiring on 24.02.2097	493,792	165,482	24,765	8-10	2011*
Lot No.215, Section 15 Town of Shah Alam District of Petaling Selangor Darul Ehsan	Land, factory buildings, warehouse and office for industrial use	Leasehold for 99 years expiring on 27.07.2097	355,855	229,702	24,499	21 - 41	2011*
Grant 88223 (formerly 18364) Lot No. 1949 Mukim of Plentong District of Johor Bahru Johor	Land for future mixed development	Freehold	3,346,497	-	11,427	-	2005
Lot 2379 Mukim of Tanjung Kling District of Melaka Tengah Melaka	Industrial land, factory buildings warehouse and office for industrial use	Leasehold for 99 years expiring on 24.11.2056	389,610	174,184	8,464	22	2011*
H.S. (D) 61742 P.T. No. 18344 Taman Muzaffar Heights Mukim Bukit Katil, Melaka District of Melaka Tengah Melaka	Land for future mixed development	Leasehold for 99 years expiring on 7.11.2081	962,939	-	7,338	-	2009

Analysis Of Shareholdings

As at 2 November 2011

Authorised Share Capital	-	RM 200,000,000
Issued and Fully Paid-Up Capital	-	RM 115,000,000
Type of Shares	-	Ordinary Shares of RM0.50 each
Voting Rights	-	One vote per shareholder on a show of hands
	-	One vote per ordinary share on a poll
No. of Shareholders	-	4,658

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings	%
Less than 100	464	9.96	14,583	#
100 - 1,000	560	12.02	446,489	0.21
1,001 - 10,000	2,665	57.21	11,460,093	5.33
10,001 - 100,000	820	17.61	23,498,786	10.93
100,001 to less than 5% of issued shares	145	3.11	89,000,180	41.39
5% and above of issued shares	4	0.09	90,620,207	42.14
Total	4,658	100.00	215,040,338 *	100.00

Notes :

Less than 0.01%.

* Excluding a total of 14,959,662 shares bought back by the Company and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

Name	Direct	%	No. of Shares Held		%
			Indirect		
1 Lim Teck Meng	84,100	0.04	102,059,452 ^A		47.46
2 Lim Peng Jin	1,178,470	0.55	102,203,249 ^B		47.53
3 Lim Peng Cheong	1,100,800 ^C	0.51	99,606,959 ^D		46.32
4 Scientex Holdings Sdn Berhad	37,497,554	17.44	-		-
5 Scientex Leasing Sdn Bhd	23,281,152	10.83	-		-
6 Lim Teck Meng Sdn Bhd	17,839,702	8.30	-		-
7 Sim Swee Tin Sdn Bhd	12,001,799	5.58	-		-

Notes:-

^A Deemed interests through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Teck Realty Sdn Bhd, Malacca Securities Sdn Bhd, Msec Network Sdn Bhd, Ardent Synergy Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Lim Teck Meng Sdn Bhd and Scientex Leasing Sdn Bhd.

^B Deemed interests through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Teck Realty Sdn Bhd, Malacca Securities Sdn Bhd, Msec Network Sdn Bhd, Ardent Synergy Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Progress Innovations Sdn Bhd, Scientex Leasing Sdn Bhd and Sim Swee Tin Sdn Bhd.

^C Include shareholding held through nominee company.

^D Deemed interests through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Teck Realty Sdn Bhd, Malacca Securities Sdn Bhd, Msec Network Sdn Bhd, Ardent Synergy Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Paradox Corporation Sdn Bhd, Scientex Leasing Sdn Bhd, Sim Swee Tin Sdn Bhd and Capital Response Sdn Bhd.

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct	%	No. of Shares Held		%
			Indirect		
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	76,940	0.04	140,000 ^a		0.07
Lim Teck Meng	84,100	0.04	102,119,512 ^b		47.49
Lim Peng Jin	1,178,470	0.55	102,218,549 ^c		47.53
Lim Peng Cheong	1,100,800 ^d	0.51	100,624,019 ^e		46.79
Wong Mook Weng @ Wong Tsap Loy	1,468,844 ^d	0.68	695,768 ^f		0.32
Teow Her Kok @ Chang Choo Chau	320,000	0.15	-		-

Continued

Lim Teck Meng, Lim Peng Cheong and Lim Peng Jin by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors in office has any interest in shares in the Company or its related corporations.

Notes:-

- ^a Indirect interests through Mohd Ridzal Bin Mohd Sheriff and Shareena Binti Mohd Sheriff.
- ^b Deemed/indirect interests through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Teck Realty Sdn Bhd, Malacca Securities Sdn Bhd, Msec Network Sdn Bhd, Ardent Synergy Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Lim Teck Meng Sdn Bhd, Scientex Leasing Sdn Bhd and Lim Fei Lin.
- ^c Deemed/indirect interests through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Teck Realty Sdn Bhd, Malacca Securities Sdn Bhd, Msec Network Sdn Bhd, Ardent Synergy Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Progress Innovations Sdn Bhd, Scientex Leasing Sdn Bhd, Sim Swee Tin Sdn Bhd and Lee Chung Yau.
- ^d Include shareholdings held through nominee company(ies).
- ^e Deemed/indirect interests through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Teck Realty Sdn Bhd, Malacca Securities Sdn Bhd, Msec Network Sdn Bhd, Ardent Synergy Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Paradox Corporation Sdn Bhd, Scientex Leasing Sdn Bhd, Sim Swee Tin Sdn Bhd, Capital Response Sdn Bhd, Yong Sook Lan, Lim Jian You and Lim Chia Wei.
- ^f Indirect interest through Wong Kar Wai.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

No.	Names	No. of Shares Held*	%*
1	Scientex Holdings Sdn Berhad	37,497,554	17.44
2	Scientex Leasing Sdn Bhd	23,281,152	10.83
3	Lim Teck Meng Sdn Bhd	17,839,702	8.30
4	Sim Swee Tin Sdn Bhd	12,001,799	5.58
5	Ardent Synergy Sdn Bhd	5,901,280	2.74
6	FELDA Holdings Bhd	5,000,000	2.33
7	Malacca Securities Sdn Bhd	4,535,372	2.11
8	Ang Teow Cheng @ Sons Sdn Bhd	4,131,000	1.92
9	Malaysia Nominees (Tempatan) Sendirian Berhad - A/C Malacca Securities Sdn Bhd	4,000,000	1.86
10	Teck Realty Sdn Bhd	3,686,214	1.71
11	Malacca Equity Nominees (Tempatan) Sdn Bhd - A/C Koay Teik Chuan	3,549,500	1.65
12	Progress Innovations Sdn Bhd	3,206,100	1.49
13	Scientex Realty Sdn Bhd	2,810,500	1.31
14	Progress Innovations Sdn Bhd	2,775,600	1.29
15	Ang Teow Cheng	2,000,000	0.93
16	HLB Nominees (Tempatan) Sdn Bhd - A/C Paradox Corporation Sdn Bhd	1,888,006	0.88
17	Saw Soon Lin	1,833,858	0.85
18	Ang Seng Chin	1,300,000	0.60
19	Yatee & Sons Sdn Bhd	1,224,000	0.57
20	Wong Mook Weng @ Wong Tsap Loy	1,219,208	0.57
21	Lim Peng Jin	1,178,470	0.55
22	Quah Lake Jen	1,113,096	0.52
23	Yong Sook Lan	1,004,060	0.47
24	HLB Nominees (Tempatan) Sdn Bhd - A/C Lim Peng Cheong	1,000,000	0.47
25	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	938,848	0.44
26	TM Lim Sdn Bhd	900,000	0.42
27	Cartaban Nominees (Tempatan) Sdn Bhd - Axa Affin General Insurance Berhad	900,000	0.42
28	Loh Hoay Chye & Sons Sdn Bhd	884,700	0.41
29	Bestex Holding Sdn Bhd	830,676	0.39
30	Koay Teik Chuan	815,600	0.38
	Total	149,246,295	69.40

Notes:

* Excluding a total of 14,959,662 shares bought back by the Company and retained as treasury shares.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting of the Company will be held at **Scientex Packaging Film Sdn Bhd, Lot 4, Jalan Sungai Pinang 4/3, Seksyen 4, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan** on **Thursday, 15 December 2011** at **11.00 a.m.** for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2011 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To declare a single tier final dividend of 14% in respect of the financial year ended 31 July 2011. **(Resolution 2)**
3. To re-elect the following Directors who retire by rotation in accordance with Article 92 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-
 - (a) Mr Lim Peng Jin **(Resolution 3)**
 - (b) Mr Fok Chuan Meng **(Resolution 4)**
4. To consider and, if thought fit, to pass the following Resolutions pursuant to Section 129(6) of the Companies Act, 1965:-
 - (a) "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Y.Bhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim, who is over the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting." **(Resolution 5)**
 - (b) "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Mr Lim Teck Meng, who is over the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting." **(Resolution 6)**
 - (c) "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Mr Wong Mook Weng @ Wong Tsap Loy, who is over the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting." **(Resolution 7)**
 - (d) "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Mr Teow Her Kok @ Chang Choo Chau, who is over the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting." **(Resolution 8)**
5. To approve the payment of Directors' fees of RM140,000.00 for the financial year ended 31 July 2011. **(Resolution 9)**
6. To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**

AS SPECIAL BUSINESS

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

7. **Ordinary Resolution I**
Authority to Directors to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965
 "THAT subject to the provision of Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, where necessary, the Directors be and are hereby authorised from time to time to allot and issue shares in the Company at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 11)**
8. **Ordinary Resolution II**
Proposed Renewal of Share Buy-Back Authority
 "THAT subject to the rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965 ("Act"), provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase on the market and/or hold such number of the Company's issued and paid-up ordinary shares of RM0.50 each ("Scientex Shares") through Bursa Securities ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company subject to the following:-

Continued

- (a) The maximum number of Scientex Shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;
- (b) The maximum fund to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained profits and/or share premium account of the Company based on its latest audited financial statements. As at 31 July 2011, the audited retained profit and share premium account of the Company were RM110,737,487 and RM19,232,974 respectively; and
- (c) The authority conferred by this resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless renewed or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next Annual General Meeting after the date is required by law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities.

THAT the shares purchased by the Company pursuant to the Proposed Share-Buy-Back be dealt with in all or any of the following manner (as selected by the Company):-

- (i) the shares so purchased may be cancelled; and/or
- (ii) the shares so purchased may be retained in treasury for distribution as share dividends to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
- (iii) part of the shares so purchased may be retained as treasury shares with the remaining being cancelled; and/or
- (iv) in such other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and to do all such acts and things as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

(Resolution 12)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders, the proposed single tier final dividend will be paid on 16 January 2012 to shareholders whose names appeared in the Record of Depositors on 3 January 2012.

A Depositor shall qualify for entitlement only in respect of:-

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 29 December 2011 in respect of shares exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 3 January 2012 in respect of ordinary transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board

NG BOON NGEE
MAICSA 7053979
Secretary

Shah Alam
22 November 2011

Continued

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney.
3. The form of proxy must be deposited at the Company's Registered Office at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.
4. Explanatory Statement on Special Business:-

(i) **Resolution on Authority to Directors to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

Resolution 11, if passed, will give powers to the Directors to allot and issue shares up to a maximum of ten percent (10%) of the total issued and paid-up share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 15 December 2010 and which will lapse at the conclusion of the Forty-Third Annual General Meeting.

The renewal of general mandate will enable the Directors to take swift action in case of a need for corporate exercise or in the event business opportunities arise which involve the issue of new shares, and to avoid delay and cost in convening general meeting to approve such issue of shares.

(ii) **Resolution on Proposed Renewal of Share Buy-Back Authority**

Resolution 12, if passed, will empower the Company to purchase and/or hold the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained profits and/or share premium account of the Company. This authority, unless renewed, revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 22 November 2011 which is dispatched together with the Company's Annual Report 2011.

Statement Accompanying Notice Of Annual General Meeting

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

- **Details of individuals who are standing for election as Directors**

No individual is seeking election as Director at the forthcoming Forty-Third Annual General Meeting of the Company.

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Form Of Proxy



SCIENTEX BERHAD
(Company No. 7867-P)

I/We _____ I.C. No./Company No. _____

of _____

being a member/members of SCIENTEX BERHAD hereby appoint _____

I.C. No. _____ of _____

and/or failing him/her, _____ I.C. No. _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf as indicated below, at the Forty-Third Annual General Meeting of the Company to be held at **Scientex Packaging Film Sdn Bhd, Lot 4, Jalan Sungai Pinang 4/3, Seksyen 4, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan** on **Thursday, 15 December 2011** at **11.00 a.m.** or at any adjournment thereof:-

No.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 July 2011 together with the Reports of the Directors and Auditors thereon		
2.	To approve the declaration of a single tier final dividend of 14%		
3.	To re-elect Mr Lim Peng Jin as Director of the Company		
4.	To re-elect Mr Fok Chuan Meng as Director of the Company		
5.	To re-appoint Y.Bhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim as Director of the Company		
6.	To re-appoint Mr Lim Teck Meng as Director of the Company		
7.	To re-appoint Mr Wong Mook Weng @ Wong Tsap Loy as Director of the Company		
8.	To re-appoint Mr Teow Her Kok @ Chang Choo Chau as Director of the Company		
9.	To approve the payment of Directors' fees of RM140,000.00		
10.	To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to fix their remuneration		
11.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
12.	To approve the Proposed Renewal of Share Buy-Back Authority		

Please indicate with (✓) how you wish your vote to be cast. In the absence of specific instruction, your proxy will vote or abstain from voting at his/her discretion.

Dated this _____ day of _____, 2011.

No. of Shares held	
CDS Account No.	
Contact No.	

Signature of Member(s)

NOTES:-

- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney.
- The form of proxy must be deposited at the Company's Registered Office at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or any adjournment thereof.

Fold this flap for sealing

2nd fold here

Affix
Stamp
Here

COMPANY SECRETARY
SCIENTEX BERHAD (7867-P)

Jalan Utas 15/7
40000 Shah Alam
Selangor Darul Ehsan

1st fold here

SCIENTEX BERHAD

(Company No. 7867-P)

Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia.

Tel: +603-5519 1325 (Hunting Line) Fax: +603-5519 1884, 5510 4378

Website: www.scientex.com.my

E-mail: info@scientex.com.my

SCIENTEX

healthy, friendly & happy ...