SCIENTEX

healthy, friendly & happy ...

ANNUAL REPORT

2012

SCIENTEX BERHAD
(Company No.: 7867-P)

1 SCIENTEX

Since inception, Scientex has grown from a manufacturing based company to become a diversified entity with manufacturing and property development as its core businesses. Scientex continues to build upon its fundamental strength and its core competencies through commitment to excellence, passion and teamwork with unity of purpose to achieve our corporate objective of long term sustainable growth.

Through unity of vision and purpose, talent retention and development, Scientex has the capability and capacity to weather and to meet the challenges as well as to seize opportunities as it continues to grow and expand its global footprint.

Contents

CORPORATE INFORMATION

Board of Directors

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

Lim Teck Meng Executive Deputy Chairman

Lim Peng Jin Managing Director

Lim Peng Cheong Non-Independent Non-Executive Director

Fok Chuan Meng Non-Independent Non-Executive Director

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

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

Dato' Hazimah Binti Zainuddin Independent Non-Executive Director

Teow Her Kok @ Chang Choo Chau Independent Non-Executive Director

Company Secretary

Ng Boon Ngee (MAICSA 7053979)

Audit Committee

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Chairman

Cham Chean Fong @ Sian Chean Fong
Member

Wong Mook Weng @ Wong Tsap Loy
Member

Fok Chuan Meng
Member

Nomination Committee

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Chairman

Wong Mook Weng @ Wong Tsap Loy
Member

Cham Chean Fong @ Sian Chean Fong
Member

Remuneration Committee

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Chairman

Lim Peng Jin
Member

Cham Chean Fong @ Sian Chean Fong
Member

Auditors

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur

Solicitors

Koh Kim Leng & Co

Principal Bankers

HSBC Bank Malaysia Berhad
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
Malayan Banking Berhad
Public Bank Berhad
CIMB Bank Berhad

Registered Office & Principal Place of Business

Jalan Utas 15/7, 40000 Shah Alam
Selangor Darul Ehsan
Tel: 03-5519 1325 Fax: 03-5519 1884
Website: www.scientex.com.my

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
[Stock code: 4731]

Share Registrar

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000 Fax: 03-7841 8151/8152
Helpdesk: 03-7849 0777
Website: www.symphony.com.my

CORPORATE STRUCTURE

Scientex Berhad
(Company No. 7867-P)

MANUFACTURING

- Scientex Packaging Film Sdn Bhd
- Pan Pacific Straptex Sdn Bhd
- Scientex Industries Group Sdn Bhd
- Scientex Tsukasa (Vietnam) Co., Ltd.
- Scientex Polymer (Vietnam) Co., Ltd.
- PT. Scientex Indonesia
- MCTI Scientex Solar Sdn Bhd
- Cosmo Scientex (M) Sdn Bhd

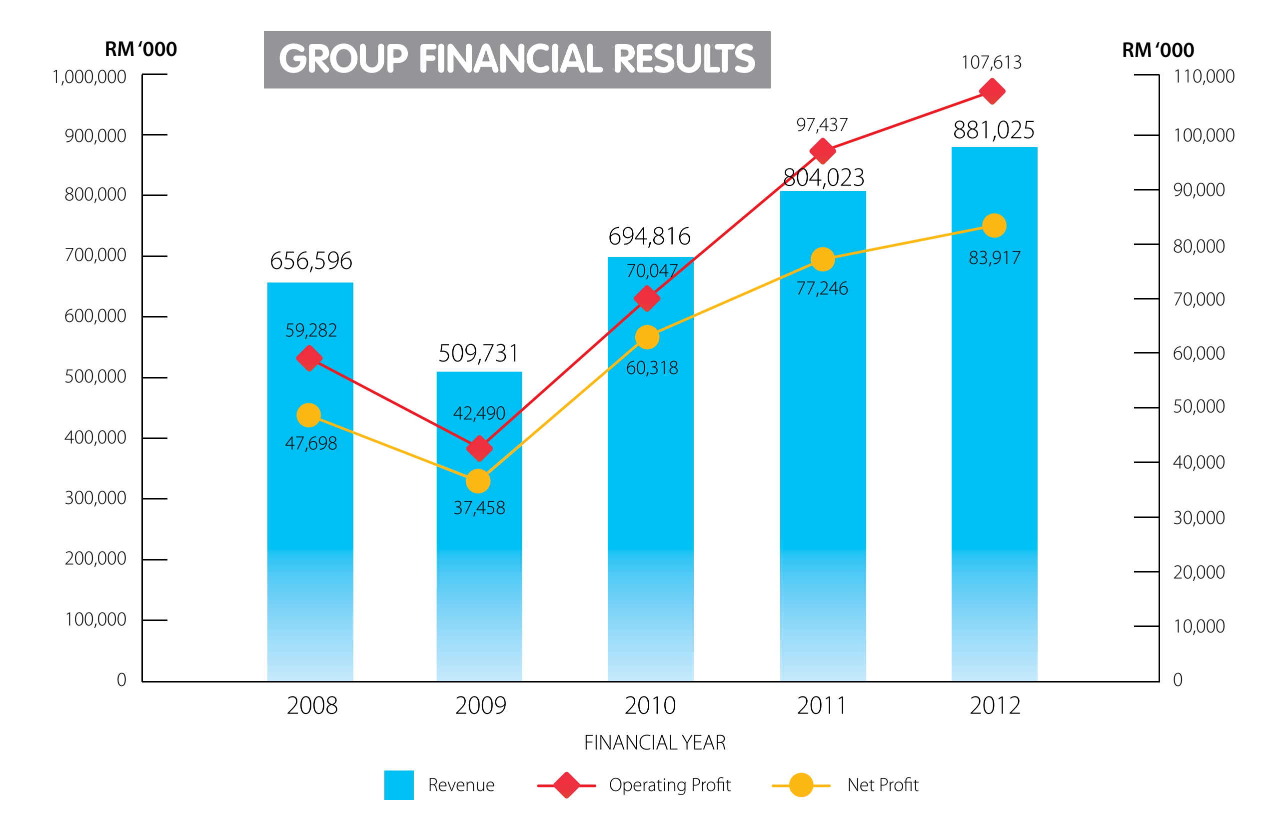
PROPERTY

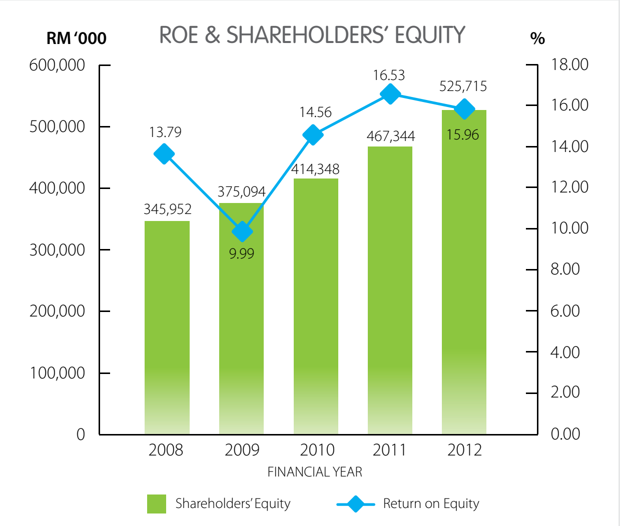
- Scientex Quatari Sdn Bhd
- Scientex Park (M) Sdn Bhd
- Scientex (Skudai) Sdn Bhd
- Scientex Heights Sdn Bhd
- Texland Sdn Bhd
- KC Contract Sdn Bhd

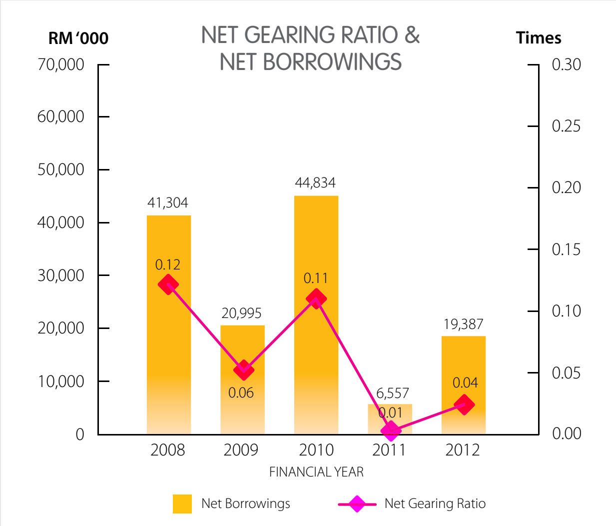
5 YEARS GROUP FINANCIAL HIGHLIGHTS

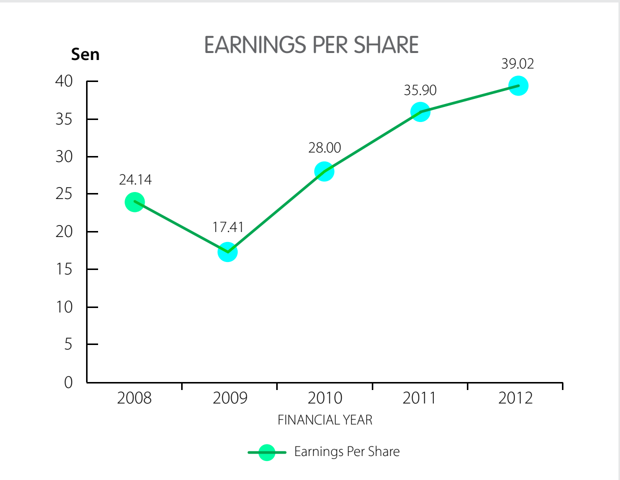
Year ended 31 July	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
Results					
Revenue	881,025	804,023	694,816	509,731	656,596
Operating Profit	107,613	97,437	70,047	42,490	59,282
EBITDA	131,114	120,028	95,586	69,166	84,205
Profit Before Taxation	107,169	96,640	70,754	42,051	57,414
Profit After Taxation	87,869	80,118	62,140	38,576	53,035
Net Profit	83,917	77,246	60,318	37,458	47,698
Group Assets					
Non-current Assets	513,232	444,070	435,677	386,154	373,194
Current Assets	295,810	281,005	239,386	198,457	248,178
Total Assets Employed	809,042	725,075	675,063	584,611	621,372
Financed by					
Share Capital	115,000	115,000	115,000	115,000	115,223
Reserves	410,715	352,344	299,348	260,094	230,729
Equity attributable to owners of the parent	525,715	467,344	414,348	375,094	345,952
Non-controlling Interests	33,988	38,778	36,449	36,136	34,969
Current Liabilities	213,094	182,175	171,145	127,528	183,858
Non-current Liabilities	36,245	36,778	53,121	45,853	56,593
Total Funds Employed	809,042	725,075	675,063	584,611	621,372
Performance Indicators					
Earnings Per Share (Sen)	39.02	35.90	28.00	17.41	24.14
Net Dividend Per Share (%)	28.00 #	24.00	18.00	10.00	16.00
Net Assets Per Share (RM)	2.44	2.17	1.92	1.74	1.61
Net Gearing Ratio (times)	0.04	0.01	0.11	0.06	0.12
Return on Equity ("ROE") (%)	15.96	16.53	14.56	9.99	13.79

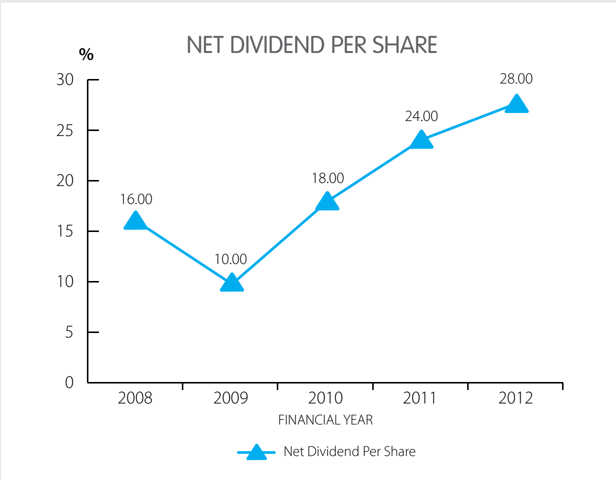
Include a single tier final dividend of 16% per share proposed for shareholders' approval.


GROUP FINANCIAL RESULTS
RM '000
RM '000
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
656,596
59,282
47,698
509,731
42,490
37,458
694,816
70,047
60,318
97,437
804,023
77,246
107,613
881,025
83,917
2008
2009
2010
2011
2012
FINANCIAL YEAR
Revenue
Operating Profit
Net Profit

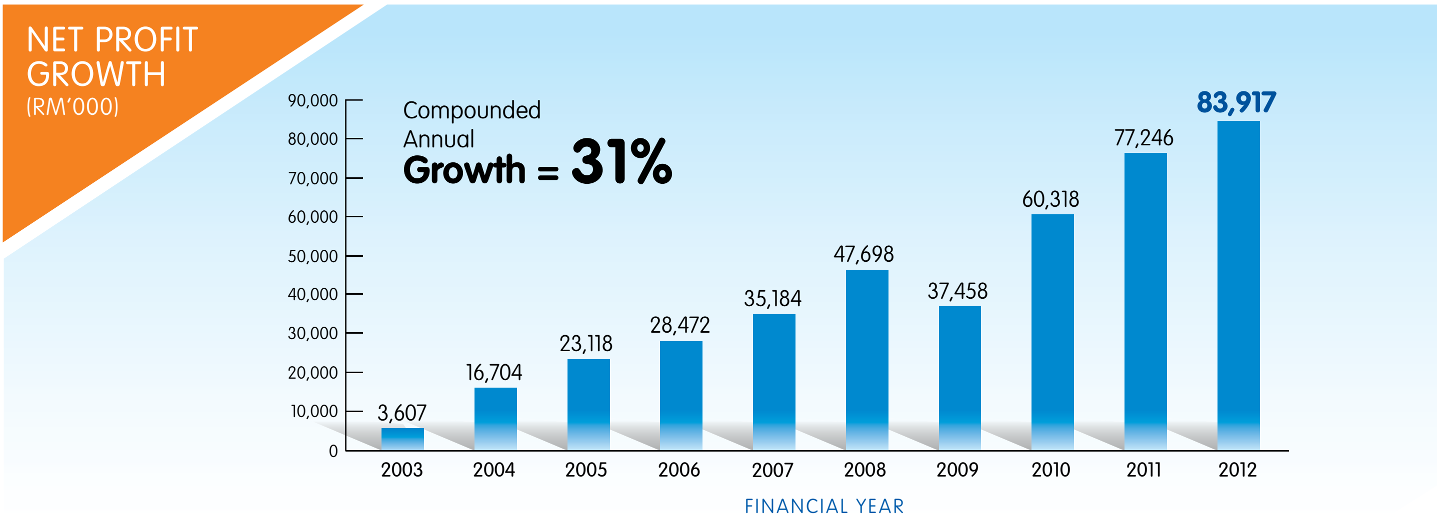

ROE & SHAREHOLDERS' EQUITY
RM '000
%
600,000
500,000
400,000
300,000
200,000
100,000
0
18.00
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
13.79
345,952
375,094
9.99
14.56
414,348
16.53
467,344
525,715
15.96
2008
2009
2010
2011
2012
FINANCIAL YEAR
Shareholders' Equity
Return on Equity

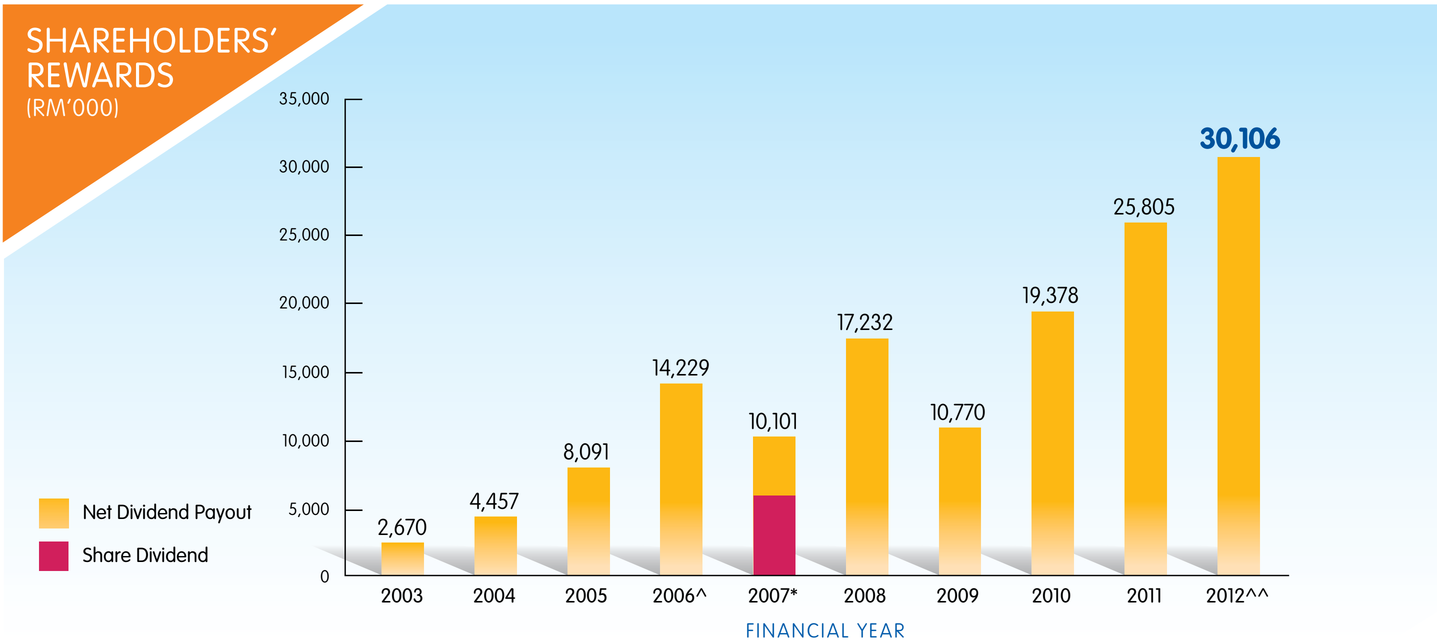

NET GEARING RATIO &
NET BORROWINGS
RM '000
Times
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
0.30
0.25
0.20
0.15
0.10
0.05
0.00
41,304
0.12
20,995
0.06
44,834
0.11
6,557
0.01
19,387
0.04
2008
2009
2010
2011
2012
FINANCIAL YEAR
Net Borrowings
Net Gearing Ratio

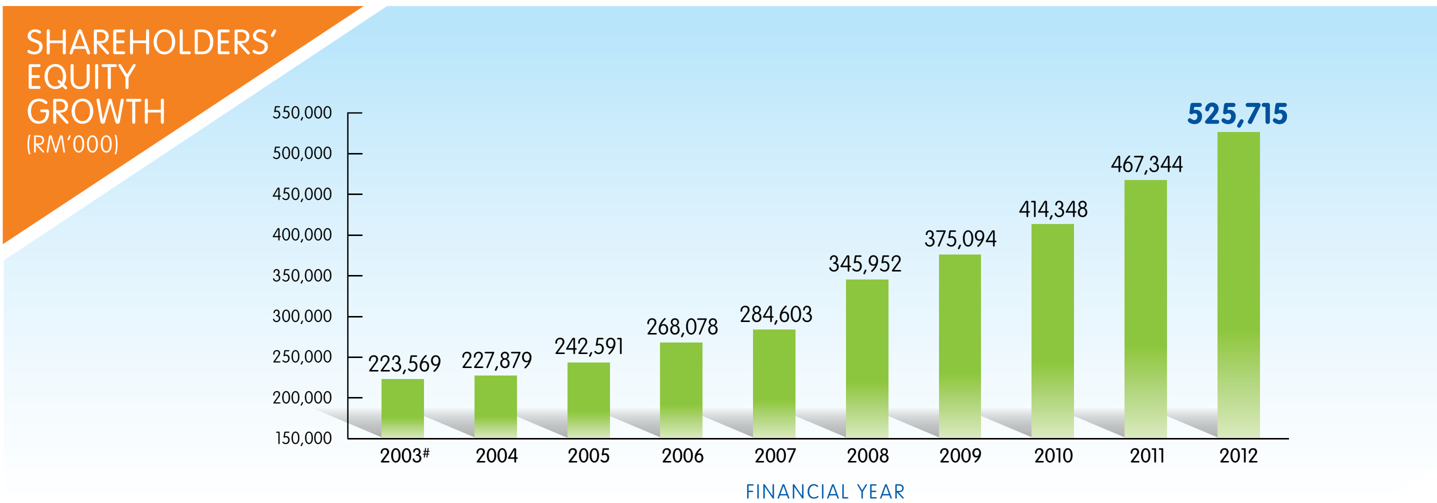

EARNINGS PER SHARE
Sen
40
35
30
25
20
15
10
5
0
24.14
17.41
28.00
35.90
39.02
2008
2009
2010
2011
2012
FINANCIAL YEAR
Earnings Per Share


NET DIVIDEND PER SHARE
%
30
25
20
15
10
5
0
16.00
10.00
18.00
24.00
28.00
2008
2009
2010
2011
2012
FINANCIAL YEAR
Net Dividend Per Share

SCIENTEX 10 YEARS GROWTH







^ Include a special dividend of 6.67% per share less 28% taxation.
* Include a share dividend on the basis of one (1) treasury share for every fifty (50) existing ordinary shares held based on market value.
^^ Include a single tier final dividend of 16% per share proposed for shareholders' approval.
# The figures have been restated for consistency.

INVESTOR RELATIONS

Scientex has endeavoured to maintain an effective channel of communication between the Board, shareholders and the larger investing public, in order to bring about clear understanding of the Group's current business and future prospects.

To this end, the Group has implemented a systematic Investor Relations (IR) programme as part of our commitment to regularly update the investment community of our business activities and operational developments, financial performance and growth strategies. A professional IR company has been engaged for this purpose.

During the year, the Managing Director and/or key management personnel periodically held briefings with members of the press, fund managers and analysts, to enable them to be kept abreast of the Group's major developments, strategies and growth plans. A press conference is also held after the Annual General Meeting.

In addition to face-to-face engagements, the dissemination of updated information on the Group's business activities and financial performance is also done through the annual reports, quarterly results, press releases and any announcements on material corporate exercises.

The Group has also continued to maintain a portal at http://www.scientex.com.my/investors0.html on Scientex corporate website, which serves as a 24/7 platform for communication and a source of investor-focused information for shareholders and the general public. The portal, updated in a timely manner, contains the repository of the Group's annual reports, quarterly reports, financial highlights, analyst reports, press releases and disclosures to Bursa Malaysia Securities Berhad.

Profile Of The Board Of Directors

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim

Chairman and Independent Non-Executive Director

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim, a Malaysian, aged 73, is an Independent Non-Executive Director and Chairman of the Company. He was appointed to the Board as Non-Executive Chairman on 20 June 2003. He is also the Chairman of the Board's Audit Committee, Nomination Committee and Remuneration Committee.

Tan Sri Dato' Mohd Sheriff graduated with a Bachelor of Arts (Honours) Economics degree from University of Malaya in 1963 and a Diploma in Economic Development from Oxford University, United Kingdom in 1969. He graduated with a Master of Arts in Economics from Vanderbilt University, USA in 1974.

He served as the Secretary General of Treasury, Ministry of Finance for 3 years from 1991 to 1994 and as Managing Director of Khazanah Nasional Berhad for 9 years from 1994 to 2003. He was a former Director of United Engineers (Malaysia) Berhad, RHB Bank Berhad and former Chairman of Renong Berhad, Projek Penyelenggaraan Lebuhraya Berhad, PLUS Expressways Berhad and Malaysian Institute of Economic Research. He is the President of the Malaysian Economic Association.

He also sits on the Board of Projek Lebuhraya Utara-Selatan Berhad, PLUS Malaysia Berhad, Standard Chartered Bank Malaysia Berhad and Manulife Insurance Malaysia Berhad as Non-Executive Director and Chairman; and Yayasan UEM as Non-Executive Director.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

Lim Teck Meng

Executive Deputy Chairman

Lim Teck Meng, a Malaysian, aged 75, is presently the Executive Deputy Chairman of the Company. He is the founder of the Company and was appointed to the Board as Managing Director in September 1969 and he held this position until 6 November 2001 when he was appointed as an Executive Chairman of the Company. Subsequently, on 20 June 2003, he was re-designated as Executive Deputy Chairman. He received his education in Melaka and is a businessman with more than 42 years experience in the polymer industry. He also has vast experience in trading and property development. Through his entrepreneurial skills, Lim Teck Meng has been responsible and is instrumental to the growth of the Group.

He is the father of Lim Peng Cheong and Lim Peng Jin, who are also Directors and major shareholders of Scientex Berhad. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Lim Peng Jin

Managing Director

Lim Peng Jin, a Malaysian, aged 45, is currently the Managing Director of the Company. He was appointed to the Board on 20 January 1995 as the Group Executive Director and was re-designated as Managing Director on 6 November 2001. He is also a member of the Board's Remuneration Committee.

Lim Peng Jin graduated with a Bachelor of Science (Honours) in Chemical Engineering from the University of Tokyo, Japan in 1990. He began his career in chemical industry in Japan before joining the Company in 1991. He had also completed a course in Programme Management Development at Harvard University, USA in 1998. He has local and international working experience in the field of polymer and chemicals during the early years of his career and is very hands-on in the business of Scientex Group of Companies involving polymer, packaging, property and chemicals industries for the past 20 years. The success of the Group owes much to his extensive involvement in its operations and managements.

He is the youngest son of Lim Teck Meng and the brother of Lim Peng Cheong, who are also Directors and major shareholders of Scientex Berhad. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Lim Peng Cheong

Non-Independent Non-Executive Director

Lim Peng Cheong, a Malaysian, aged 50, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board as an Executive Director on 9 September 1988, and has held this position until 10 November 2003 when he was re-designated as Non-Executive Director. He graduated with a Bachelor of Science (Honours) in Business Studies from the City University, London, UK in June 1984. He is currently the Managing Director of Malacca Securities Sdn Bhd.

He is the son of Lim Teck Meng and the brother of Lim Peng Jin, who are also Directors and major shareholders of Scientex Berhad. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Fok Chuan Meng

Non-Independent Non-Executive Director

Fok Chuan Meng, a Malaysian, aged 46, was appointed to the Board as a Non-Independent Non-Executive Director on 18 March 2009. He is also a member of the Board's Audit Committee. He is an associate member of Chartered Institute of Management Accountants (UK), a chartered accountant of Malaysian Institute of Accountants and also is a Certified Financial Planner. He has worked in various industries in Malaysia and Singapore in various capacities relating to finance management and management roles. Presently, he is an Executive Director of Malacca Securities Sdn Bhd since 2002 overseeing the stock broking operations.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

Wong Mook Weng @ Wong Tsap Loy

Independent Non-Executive Director

Wong Mook Weng @ Wong Tsap Loy, a Malaysian, aged 80, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 29 November 1969. He is also a member of the Board's Audit Committee and Nomination Committee. He received his early education in Kuala Lumpur and is a businessman with over 40 years experience of owning and managing businesses dealing in property development, manufacturing and trading.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

Cham Chean Fong @ Sian Chean Fong

Independent Non-Executive Director

Cham Chean Fong @ Sian Chean Fong, a Malaysian, aged 45, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 24 May 2001 as a Non-Executive Director. He is also a member of the Board's Audit Committee, Nomination Committee and Remuneration Committee. He graduated with a LLB (Honours) from Bristol Polytechnic, U.K. in 1991 and obtained a Certificate of Legal Practice in 1993. He was called to Bar in September 1995 and since then, he has been in private practice. Currently, he is a partner of a law firm in Kuala Lumpur.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

Dato' Hazimah Binti Zainuddin

Independent Non-Executive Director

Dato' Hazimah Binti Zainuddin, a Malaysian, aged 50, is an Independent Non-Executive Director of the Company. She was appointed to the Board as a Non-Independent Non-Executive Director on 27 January 2004 and has held this position until she was re-designated as Independent Non-Executive Director on 7 November 2006. She graduated with a Business Management Discipline from MARA University of Technology.

Dato' Hazimah has been a Board Member of Malaysia External Trade Development Corporation (Matrade) since June 2003. She is the President of Persatuan Wanita Bumiputra Dalam Perniagaan & Profesyen Malaysia (Peniagawati) which is an established non-governmental organisation with the objective of developing women entrepreneurs in Malaysia. She is also a member of Pasukan Petugas Khas Pemudahcara Perniagaan (Pemudah), the special taskforce to facilitate business which comprising of 23 highly respected individuals from both the private and public sectors.

She is the founder and Managing Director of Hyrax Oil Sdn Bhd which produces top quality and high performance automotive, industrial and specialty lubricants and other petroleum derivatives. Her astute business acumen propelled Hyrax Oil Sdn Bhd to grow from strength to strength, now exporting to more than 38 countries including to Australia, New Zealand, Africa and the Middle East.

Over the years, Dato' Hazimah received numerous accolades for her contributions and achievements including the Ernst & Young Woman Entrepreneur Of The Year Malaysia 2002.

Through her promotion of entrepreneurship, Dato' Hazimah has inspired many budding entrepreneurs, of both genders, to venture into the business world.

She does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. She has not been convicted for any offences within the past 10 years.

Teow Her Kok @ Chang Choo Chau

Independent Non-Executive Director

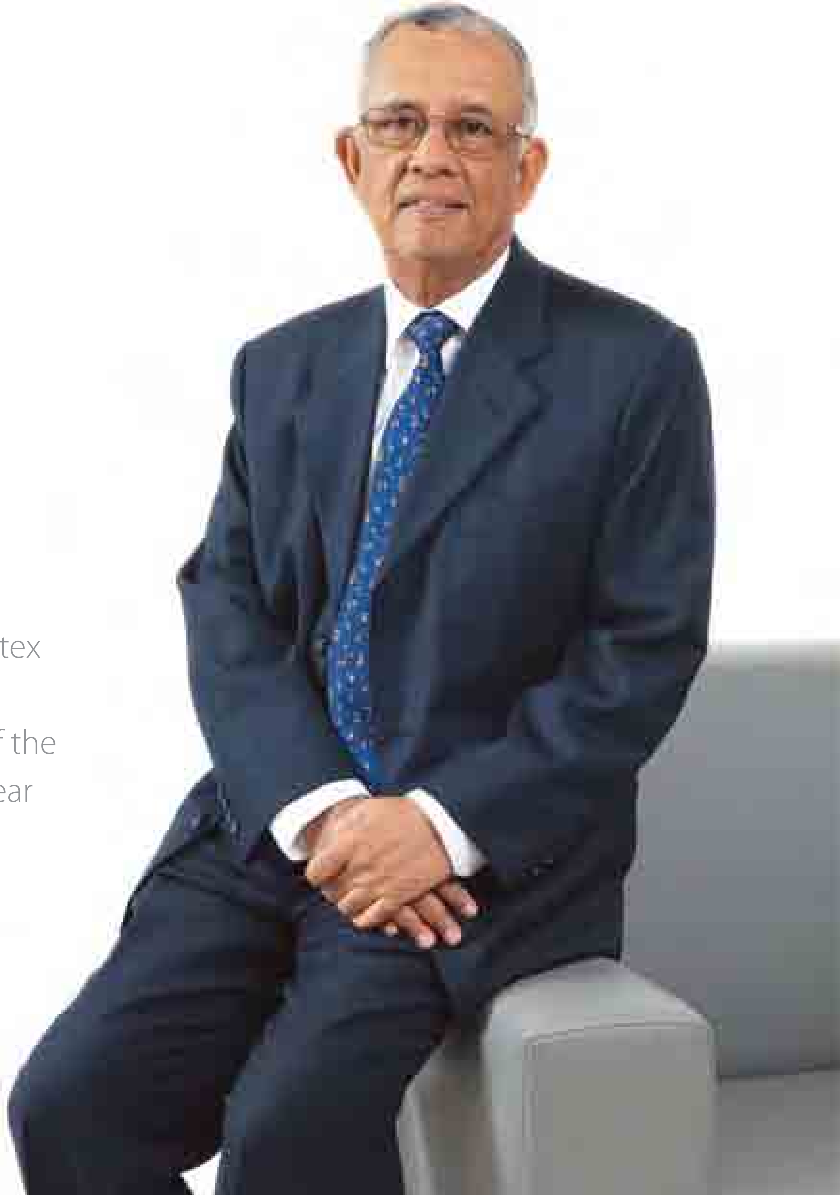
Teow Her Kok @ Chang Choo Chau, a Malaysian, aged 73, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 19 December 2007. He had his early education at the Royal Military College and gained his Diploma in Estate Management in the early sixties.

He was appointed as an Executive Director of the Yule Catto Plantations in 1976 after returning from a Financial/Management course at London Business School. He was the Managing Director of Revertex Malaysia Sdn Bhd ("Revertex"), a subsidiary of a British company, Yule Catto & Co. PLC, from 1990 to 2000. During that period, he was also the Managing Director of Rexplas Sdn Bhd, a joint venture company between Exxon and Revertex. He was on the Boards of Revertex Fincwater Sdn Bhd and Revertex (Guangdong) Chemicals Co. Ltd. Currently, he sits on the Board of Chemical Mate Sdn Bhd, a consultancy and trading/distribution company.

He was conferred the "Amanah Mangku Negara" (A.M.N) by His Majesty Yang Dipertuan Agung in 1990.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors of Scientex Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 July 2012.

Operating Results

Against the backdrop of another challenging year and increasingly volatile external environment, I am pleased to state that the Group has performed admirably and has recorded another year of solid performance for the financial year ended 31 July 2012. The Group achieved a 9.6% increase in revenue from RM804.0 million to another record breaking RM881.0 million for the current financial year. In line with the revenue growth, pre-tax profits rose to a new high of RM107.2 million which represented a 10.9% increase compared to RM96.6 million posted in the previous financial year. Earnings per share grew from 35.90 sen to 39.02 sen and the Group's net assets now stands at RM2.44 per share compared to RM2.17 per share recorded in the previous financial year.

For the manufacturing division, the Group has increased its production capacity to meet the growing global demand for its stretch film and other packaging products. Since September 2011, the Group has added one additional production line to its existing stretch film plant in Pulau Indah, Port Klang which now boasts of nine production lines with annual capacity of 120,000 metric tons. Apart from stretch film, the Group has also expanded its capacity for strapping bands to a total annual capacity of 24,000 metric tons. Niche products such as polymer products and automotive carpet mats have seen a revival in demand with the normalisation in the global supply chain operations. Domestic demand for other products such as corrugated carton boxes, urethane pre-polymer adhesives and blown film remain firm. The Group has since May 2012 relocated its woven production from Melaka to its Vietnam plant to enhance its operational efficiency and cost efficacy.

For the Group's property division, revenue grew by 11.7% compared to the previous financial year. The strategic location of our Pasir Gudang and Kulai development projects in the State of Johor continues to attract purchasers with good take-up rates for most of its launches. For our Skudai project, its strategic location in the Nusajaya vicinity which is experiencing rapid development in the midst of iconic projects such as Legoland, Malborough College, Newcastle University branch campus as well as its close proximity to the Second Link has attracted Singaporeans and Malaysians working in Singapore to invest in our development. These projects are located within the Iskandar Malaysia region whereby the Government has played a pivotal role and committed resources, funding and investor friendly policies to promote and develop Iskandar Malaysia to be a world class investment hub and as a catalyst in attracting foreign investments and migration of skilled workers to work, enjoy and live in that region. The Group's development known as Taman Muzaffar Heights located in Ayer Keroh, Melaka has also performed remarkably. The Group intends to leverage on its success and launch new products for the coming financial year to tap on the robust demand for our products.

The record breaking performance achieved by the Group for the financial year ended 31 July 2012 has further strengthened the Group's balance sheet with shareholders' equity increasing from RM467.3 million to RM525.7 million. With the Group's strong operating cash flow, strict internal controls and prudent cash flow management, the Group's net gearing ratio stands at 0.04 times, putting the Group in an enviable position to further expand and to undertake choice investments as well as to seize business opportunities that may arise in the future.

Dividends

The Board has declared a single tier interim dividend of 12% which had been paid on 27 July 2012. We are pleased to inform our esteemed shareholders that the Board is also recommending a single tier final dividend of 16% for the financial year ended 31 July 2012, subject to shareholders' approval at the forthcoming Annual General Meeting. With this, the Group's dividend payout is estimated to total RM30.1 million, representing approximately 36% of the Group's net profits which is in line with the Group's dividend policy announced on 21 June 2011 to pay a minimum of 30% of net profits to shareholders.

Corporate Developments

On 16 December 2011, the Group through its wholly-owned subsidiary, Scientex Quatari Sdn Bhd entered into a share sale and purchase agreement to acquire a company known as Tropicana Holdings Sdn Bhd which owns a piece of freehold land of approximately 244 acres located near the Senai International Airport, Johor, for future development.

In another corporate exercise announced recently, the Group has, via its wholly-owned subsidiary, Scientex Packaging Film Sdn Bhd, entered into a conditional share sale agreement dated 3 October 2012 with GW Plastics Holdings Berhad as the vendor for the proposed acquisition of the 100% equity interest in Great Wall Plastic Industries Berhad and 100% equity interest in GW Packaging Sdn Bhd, both wholly-owned subsidiaries of GW Plastics Holdings Berhad. The proposed acquisition, which is subject to the fulfilment of certain conditions precedent under the share sale agreement, which includes the approval of shareholders of both the Company and GW Plastics Holdings Berhad, is expected to be completed by the first quarter of 2013 and will contribute positively to the Group's earnings and profits for the coming financial year as these companies will become wholly-owned subsidiaries of the Group.

Operating Environment & Prospects

Bank Negara Malaysia in a press release dated 15 August 2012 cautioned that the pace of global economic recovery has moderated in the second quarter of 2012 and that the global economy faced increasing downside risks stemming from the policy uncertainties relating to the European sovereign debt crisis and fiscal issues in the United States which continued to weigh on market sentiments and growth prospects. The central bank stated that growth in the major advanced economies had slowed and continued to be plagued by on-going fiscal consolidation, tight credit conditions and sluggish labour markets. The anaemic recovery in the United States and the decelerating growth in China continued to weigh in and dampened confidence which in turn had affected global demand. On the other hand, the resilient Japanese economy has led to an increase in the Group's exports to Japan which was boosted by the reconstruction stimulus currently underway. The slight decline in exports of the Group's products to the Eurozone countries has been mitigated by the increase in exports to other markets in the Asia Pacific region. The volatility in the financial markets has contributed to the fluctuations in the currency markets. The on-going geopolitical tensions in the Middle East have also caused prices of crude oil to trend upwards due to uncertainties and supply side constraints.

The Malaysian economy is expected to achieve 4.5 - 5.0% growth for the year 2012 driven by domestic consumption and government spending acting as key drivers of growth. The Government has launched many initiatives to attract foreign investment into the country and these initiatives will continue to act as the catalysts to promote economic activity. The continuing efforts of the Government to promote Iskandar Malaysia as an investment destination would certainly boost demand for properties in the region and the Group would benefit directly from such spillover effects. The Government's objective to make Malaysia a regional oil and gas industry hub with the proposed high impact RM60 billion project in Pengerang, Johor is expected to create a huge demand for housing and other amenities within the Pengerang region and the Group's existing landbank in Pasir Gudang will stand to reap benefits from this massive development project. The affordable housing program launched by the Government is expected to gain traction in light of the huge demand for such housing and this should augur well for the Group's Johor projects. Apart from that, the migration of skilled workers into this special region and the growing population will continue to underpin the demand for affordable housing whilst rising affluence will drive demand for the Group's high end products.

Our Growth Strategies

The Group's achievement reflects the strategic move to focus on property development and manufacturing as the Group's core businesses was a step in the right direction after divesting its non-core assets, restructuring and focusing its efforts on these twin pillars of growth. Moving forward, the Group will continue to leverage on its competitive strengths to build up its base in areas where it commands a relative advantage compared to its other competitors.

For our manufacturing division, the Group's stretch film production facility at our Pulau Indah plant has attained full plant capacity with the additional line in September 2011. To boost our production capacity, the Group has started works on expanding its production facility with the objective of adding two new lines which are slated to commence operations in 2013. With the two new lines which are capable of producing multi-layered eco-friendly films, our capacity will increase to 150,000 metric tons per annum. With the state-of-the-art machinery and economies of scale, the Group aspires to become one of the world's top producers of stretch film whilst striving to maintain its core competency of cost competitiveness as it expands its market base with eco-friendly, innovative and value-added quality products.

The demand for our polymer products has rebounded and this business unit has shown good revenue and profit growth for this current financial year. As part of the Group's efforts to continuously improve itself and to further improve on the quality of its products, the polymer business has embarked on upgrading works in its factory and machinery to meet the exacting demands from global car manufacturers and tier one suppliers.

The construction of the solar film plant which is a joint venture with Mitsui Chemicals Tohcello, Inc. of Japan has been completed and has undergone testing and commissioning since June 2012. The purpose-built factory with state-of–the-art machinery has commenced commercial operations in September 2012.

The property division continues to be an important earnings and profit contributor to the Group. Our high-end Taman Mutiara Mas property development in Skudai, Johor has seen good take-up rates in the subsequent launches since the launch of its initial phase in May 2010. The construction of a massive sales gallery cum show village at our Taman Mutiara Mas office has given our purchasers a taste of what community living in Taman Mutiara Mas would be like surrounded by the elements of earth, water and ample greenery in a gated and guarded environment. With proper township planning, innovative products, excellent infrastructure and given its strategic location with easy access and connectivity to all major highways, the Group is confident that Taman Mutiara Mas, Skudai will become one of the highly sought after modern townships in Johor in the years to come. The Group has recently launched its first ever unique high rise development which will be situated on 6 acres of open space and greenery and offers products of different designs and sizes to cater for various categories of buyers and investors.

The Group will continue to support the Government's efforts to build affordable homes with the development of its affordable housing projects in Pasir Gudang and Kulai in Johor whilst tapping into the higher end market to cater for affluent and middle income buyers as it diversifies its earnings base to avoid over reliance in any specific segment of the industry.

Acknowledgement

On behalf of the Board, I congratulate the entire Management team for their fine efforts, dedication and cohesive team work in achieving another new milestone for the Group despite facing an extremely challenging and volatile external environment. I would like to pay tribute to the Managing Director and the Management team for guiding the Group through another year and keeping the Group focused as it continues to journey through a challenging future.

Last but not least, I am grateful to our shareholders, valued customers, bankers and business partners for your continuous confidence and support as the Group strives to achieve greater and sustainable growth.

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Chairman

Penyata Pengerusi

Pemegang-pemegang Saham yang dihormati,

Bagi pihak Lembaga Pengarah Scientex Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit Syarikat dan Kumpulan bagi tahun kewangan berakhir 31 Julai 2012.

Hasil Pendapatan Operasi

Berlatarkan satu lagi tahun yang mencabar dan persekitaran luar yang semakin tidak menentu, saya dengan sukacitanya menyatakan bahawa Kumpulan Scientex telah menunjukkan prestasi yang mengagumkan dan mencatatkan satu lagi tahun berprestasi kukuh bagi tahun kewangan berakhir 31 Julai 2012. Kumpulan mencapai peningkatan dalam hasil pendapatan sebanyak 9.6% daripada RM804.0 juta kepada satu lagi pencapaian rekod baharu sebanyak RM881.0 juta bagi tahun kewangan semasa. Sejajar dengan pertumbuhan dalam hasil pendapatan, keuntungan sebelum cukai meningkat ke paras tertinggi baharu sebanyak RM107.2 juta yang menunjukkan peningkatan sebanyak 10.9% berbanding RM96.6 juta yang dicatatkan pada tahun kewangan sebelumnya. Pendapatan sesaham meningkat daripada 35.90 sen kepada 39.02 sen dan aset bersih Kumpulan kini berada pada RM2.44 sesaham berbanding RM2.17 sesaham yang dicatatkan pada tahun kewangan sebelumnya.

Bagi bahagian perkilangan, Kumpulan telah meningkatkan kapasiti pengeluarannya untuk memenuhi permintaan global yang semakin meningkat terhadap saput regang dan produk pembungkusan lain. Sejak September 2011, Kumpulan telah menambah satu lagi barisan pengeluaran untuk loji saput regang yang sedia ada di Pulau Indah, Pelabuhan Klang yang kini mempunyai sembilan barisan pengeluaran dengan kapasiti tahunan sebanyak 120,000 tan metrik. Selain saput regang, Kumpulan juga mengembangkan kapasiti pengeluaran pita pengikat kepada jumlah kapasiti tahunan sebanyak 24,000 tan metrik. Produk nic seperti produk polimer dan pelapik permaidani automotif telah menyaksikan kebangkitan semula dalam permintaan dengan normalisasi dalam operasi rantaian bekalan global. Permintaan domestik bagi produk lain seperti kotak karton beralun, pelekat pra-polimer urethane dan saput ditiup kekal kukuh. Sejak Mei 2012, Kumpulan telah memindahkan pengeluaran anyaman dari Melaka ke lojinya di Vietnam untuk meningkatkan kecekapan operasi dan keberkesanan kos.

Bagi bahagian hartanah Kumpulan, hasil pendapatan meningkat sebanyak 11.7% berbanding tahun kewangan sebelumnya. Lokasi strategik projek-projek pembangunan kami di Pasir Gudang dan Kulai di Negeri Johor terus menarik minat pembeli dengan kadar jualan yang baik bagi kebanyakan pelancarannya. Bagi projek Skudai kami, lokasi strategiknya yang berhampiran Nusajaya yang sedang mengalami pembangunan yang pesat di tengah-tengah projek ikonik seperti Legoland, Kolej Malborough, kampus cawangan Universiti Newcastle serta kedudukannya yang berhampiran dengan Laluan Kedua telah menarik minat rakyat Singapura dan rakyat Malaysia yang bekerja di Singapura untuk melabur dalam projek pembangunan kami. Semua projek ini terletak dalam wilayah Iskandar Malaysia di mana Kerajaan telah memainkan peranan penting dan memperuntukkan sumber, pembiayaan dan dasar mesra pelabur untuk menggalakkan dan membangunkan Iskandar Malaysia menjadi hab pelaburan kelas dunia dan sebagai pemangkin dalam menarik pelaburan asing dan penghijrahan pekerja berkemahiran untuk bekerja, berseronok dan tinggal di wilayah tersebut. Pembangunan Kumpulan yang dikenali sebagai Taman Muzaffar Heights yang terletak di Ayer Keroh, Melaka juga menunjukkan prestasi yang amat mengagumkan. Kumpulan berhasrat untuk memanfaatkan kejayaan ini dengan melancarkan produk baharu bagi tahun kewangan yang akan datang untuk mengambil peluang atas permintaan yang kukuh bagi produk kami.

Prestasi terbaik yang dicapai oleh Kumpulan bagi tahun kewangan berakhir 31 Julai 2012 telah mengukuhkan lagi kunci kira-kira Kumpulan dengan ekuiti pemegang saham meningkat daripada RM467.3 juta kepada RM525.7 juta. Dengan aliran tunai kendalian Kumpulan yang kukuh, kawalan dalaman yang ketat dan pengurusan aliran tunai yang bijak, nisbah penggearan atau gearing ratio bersih Kumpulan berada pada 0.04 kali, menempatkan Kumpulan dalam satu kedudukan yang sangat baik untuk terus berkembang dan menjalankan pelaburan pilihan serta merebut peluang perniagaan yang mungkin wujud pada masa hadapan.

Dividen

Lembaga Pengarah telah mengisytiharkan dividen interim satu peringkat sebanyak 12% yang telah dibayar pada 27 Julai 2012. Sukacita kami memaklumkan kepada pemegang saham yang dihormati bahawa Lembaga Pengarah juga mencadangkan dividen akhir satu peringkat sebanyak 16% bagi tahun kewangan berakhir 31 Julai 2012, tertakluk kepada kelulusan para pemegang saham pada Mesyuarat Agung Tahunan akan datang. Dengan ini, pembayaran dividen Kumpulan dianggarkan berjumlah RM30.1 juta, yang merupakan kira-kira 36% keuntungan bersih Kumpulan yang selaras dengan dasar dividen Kumpulan yang telah diumumkan pada 21 Jun 2011 untuk membayar sekurang-kurangnya 30% daripada keuntungan bersih kepada pemegang saham.

Perkembangan Korporat

Pada 16 Disember 2011, Kumpulan melalui anak syarikat milik penuhnya, Scientex Quatari Sdn Bhd menandatangani perjanjian penjualan dan pembelian saham untuk memperoleh sebuah syarikat yang dikenali sebagai Tropicana Holdings Sdn Bhd yang memiliki sebidang tanah pegangan bebas seluas kira-kira 244 ekar yang terletak berhampiran dengan Lapangan Terbang Antarabangsa Senai, Johor untuk pembangunan masa hadapan.

Dalam satu lagi perkembangan korporat yang telah diumumkan baru-baru ini, Kumpulan melalui anak syarikat milik penuhnya, Scientex Packaging Film Sdn Bhd telah menandatangani satu perjanjian penjualan dan pembelian saham bersyarat pada 3 Oktober 2012 dengan GW Plastics Holdings Berhad sebagai penjual, bagi cadangan pengambilalihan 100% ekuiti saham di Great Wall Plastic Industries Berhad dan 100% ekuiti saham di GW Packaging Sdn Bhd, kedua-duanya merupakan anak syarikat milik penuh GW Plastics Holdings Berhad. Cadangan pengambilalihan ini adalah tertakluk kepada pelaksanaan prasyarat tertentu yang ditetapkan dalam perjanjian penjualan dan pembelian saham, yang termasuk kelulusan para pemegang saham Syarikat dan GW Plastics Holdings Berhad, yang dijangka akan disempurnakan sebelum suku pertama tahun 2013 dan akan menyumbang secara positif kepada pendapatan dan keuntungan Kumpulan untuk tahun kewangan yang akan datang selepas kedua-dua anak syarikat ini menjadi anak syarikat milik penuh Kumpulan.

Persekitaran Operasi & Prospek

Bank Negara Malaysia dalam kenyataan akhbarnya bertarikh 15 Ogos 2012 mengingatkan bahawa kadar pemulihan ekonomi global menjadi sederhana pada suku kedua tahun 2012 dan ekonomi global menghadapi risiko penurunan yang semakin meningkat berpunca daripada ketidaktentuan tentang dasar berkaitan krisis hutang berdaulat Eropah dan isu fiskal di Amerika Syarikat yang terus melanda sentimen pasaran dan prospek pertumbuhan. Bank Pusat menyatakan bahawa pertumbuhan dalam ekonomi maju yang utama telah menjadi perlahan dan terus dibelenggu oleh konsolidasi fiskal berterusan, keadaan kredit yang ketat dan pasaran buruh yang lembap. Pemulihan yang lembab di Amerika Syarikat dan kadar pertumbuhan yang perlahan di China terus membelenggu dan menjejaskan keyakinan yang kemudiannya telah memberi kesan terhadap permintaan global. Sebaliknya, ekonomi Jepun yang berdaya tahan telah membawa kepada peningkatan eksport Kumpulan ke Jepun yang dilonjakkan lagi oleh rangsangan pembinaan semula yang sedang dijalankan. Penurunan sedikit dalam eksport produk Kumpulan ke negara-negara zon Euro telah diimbangi oleh peningkatan dalam eksport ke pasaran lain di rantau Asia Pasifik. Ketidaktentuan dalam pasaran kewangan telah menyumbang kepada turun naik dalam pasaran mata wang. Ketegangan geopolitik yang berterusan di Timur Tengah juga telah menyebabkan harga minyak mentah meningkat disebabkan ketidaktentuan dan kekangan penawaran.

Ekonomi Malaysia dijangka mencapai pertumbuhan 4.5% - 5.0% bagi tahun 2012 yang didorong oleh penggunaan domestik dan perbelanjaan kerajaan yang bertindak sebagai pemacu utama pertumbuhan. Kerajaan telah melancarkan pelbagai inisiatif untuk menarik pelaburan asing ke dalam negara dan inisiatif ini akan terus bertindak sebagai pemangkin untuk menggalakkan aktiviti ekonomi. Usaha berterusan Kerajaan untuk mempromosikan Iskandar Malaysia sebagai destinasi pelaburan pasti akan meningkatkan permintaan terhadap hartanah di wilayah ini dan Kumpulan akan mendapat manfaat secara langsung daripada kesan limpahan tersebut. Objektif Kerajaan untuk menjadikan Malaysia sebuah hab bagi industri minyak dan gas serantau dengan projek berimpak tinggi bernilai RM60 bilion yang dicadangkan di Pengerang, Johor dijangka mewujudkan permintaan yang tinggi bagi perumahan dan kemudahan lain dalam wilayah Pengerang dan simpanan tanah Kumpulan yang sedia ada di Pasir Gudang berpeluang untuk mengaut manfaat daripada projek pembangunan secara besar-besaran ini. Program perumahan mampu milik yang dilancarkan oleh Kerajaan dijangka akan mendapat tarikan berikutan permintaan yang besar bagi perumahan seumpamanya dan hal ini menjadi petanda baik bagi projek Kumpulan di Johor. Selain daripada itu, penghijrahan pekerja berkemahiran ke wilayah khas ini dan populasi yang semakin meningkat akan terus menguatkan permintaan terhadap perumahan mampu milik manakala kemewahan yang semakin meningkat akan memacu permintaan terhadap hartanah mewah Kumpulan.

Strategi Pertumbuhan Kami

Pencapaian Kumpulan mencerminkan langkah strategik untuk menumpukan kepada pembangunan hartanah dan perkilangan sebagai perniagaan teras Kumpulan adalah satu langkah wajar selepas pelupusan aset bukan terasnya, penyusunan semula dan penumpuan usaha kepada tunggak pertumbuhan berkembar ini. Melangkah ke hadapan, Kumpulan akan terus meningkatkan kekuatan daya saingnya untuk membina asas dalam bidang yang ia menguasai kelebihan relatif berbanding dengan pesaing lain.

Bagi bahagian perkilangan, kemudahan pengeluaran saput regang Kumpulan di loji Pulau Indah kami telah mencapai kapasiti loji sepenuhnya dengan adanya barisan pengeluaran tambahan pada September 2011. Bagi melonjakkan kapasiti pengeluaran kami, Kumpulan telah memulakan kerja-kerja untuk memperkembang kemudahan pengeluaran dengan objektif untuk menambah dua barisan pengeluaran baharu yang dijadualkan mula beroperasi pada tahun 2013. Dengan dua barisan pengeluaran baharu tersebut yang mampu menghasilkan saput berlapis mesra alam, kapasiti pengeluaran kami akan meningkat kepada 150,000 tan metrik setahun. Dengan mesin yang canggih dan berekonomi bidangan, Kumpulan berhasrat untuk menjadi salah satu pengeluar utama saput regang dunia di samping berusaha untuk mengekalkan kompetensi teras dari segi daya saing kos sementara Kumpulan mengembangkan pasarannya dengan produk mesra alam, berinovatif dan produk berkualiti nilai tambahan.

Permintaan untuk produk polimer kami telah pulih dan unit perniagaan ini menunjukkan hasil pendapatan berserta pertumbuhan keuntungan yang baik bagi tahun kewangan semasa. Sebagai sebahagian daripada usaha Kumpulan untuk terus memperbaiki keupayaannya dan meningkatkan lagi kualiti produknya, perniagaan polimer telah memulakan kerja-kerja menaiktaraf kilang dan mesinnya untuk memenuhi permintaan tinggi daripada pengeluar kereta global dan pembekal peringkat satu.

Pembinaan loji saput solar yang merupakan usaha sama dengan Mitsui Chemicals Tohcello, Inc. dari Jepun telah siap dan menjalani ujian dan pentauliahan sejak Jun 2012. Kilang yang dibina khas dengan mesin tercanggih telah memulakan operasi komersilnya pada September 2012.

Bahagian hartanah terus menjadi penyumbang penting kepada pendapatan dan keuntungan Kumpulan. Pembangunan hartanah mewah kami, iaitu Taman Mutiara Mas di Skudai, Johor telah menyaksikan kadar jualan yang baik dalam pelancaran berikutnya sejak pelancaran fasa pertamanya pada Mei 2010. Pembinaan galeri jualan merangkap rumah-rumah contoh secara besar-besaran di pejabat kami di Taman Mutiara Mas membolehkan pembeli kami menikmati cara hidup berkomuniti di Taman Mutiara Mas yang dikelilingi oleh unsur bumi, air dan kehijauan dalam persekitaran yang berpagar dan berpengawal. Dengan perancangan perbandaran yang wajar, produk berinovatif, infrastruktur yang baik dan lokasinya yang strategik dengan akses yang mudah dan kesalinghubungan ke semua lebuh raya utama, Kumpulan yakin bahawa Taman Mutiara Mas, Skudai akan menjadi salah satu perbandaran moden di Johor yang amat diidam-idamkan pada tahun-tahun akan datang. Baru-baru ini Kumpulan telah melancarkan pembangunan bangunan tinggi pertamanya yang unik yang terletak di atas ruang terbuka penuh kehijauan seluas 6 ekar dan menawarkan produk reka bentuk dan saiz yang berlainan untuk memenuhi keperluan pelbagai kategori pembeli dan pelabur.

Kumpulan akan terus menyokong usaha Kerajaan untuk membina kediaman mampu milik dengan pembangunan projek perumahan mampu milik di Pasir Gudang dan Kulai di Johor sementara turut menembusi pasaran mewah untuk memenuhi keperluan pembeli berkemampuan dan pertengahan supaya dapat mempelbagaikan asas pendapatan Kumpulan untuk mengelakkan kebergantungan berlebihan pada mana-mana segmen tertentu dalam industri.

Perhargaan

Bagi pihak Lembaga, saya mengucapkan tahniah kepada seluruh pasukan Pengurusan atas usaha baik, dedikasi dan kerja berpasukan yang padu dalam mencapai satu lagi kejayaan baharu yang penting bagi Kumpulan meskipun menghadapi persekitaran luar yang sangat mencabar dan tidak menentu. Saya ingin memberikan penghormatan kepada Pengarah Urusan dan pasukan Pengurusan kerana membimbing Kumpulan melepasi setahun lagi dan memastikan Kumpulan sentiasa fokus semasa ia meneruskan perjalanannya melalui masa depan yang mencabar.

Akhir sekali dan tidak kurang pentingnya, saya juga berterima kasih kepada pemegang saham, pelanggan yang dihargai, jurubank dan rakan niaga kami atas keyakinan dan sokongan berterusan anda ketika Kumpulan berusaha untuk mencapai pertumbuhan yang lebih tinggi dan mampan.

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Pengerusi

主席报告书

亲爱的股东，

本人谨此代表森德有限公司的董事部为您提呈本公司与集团截至2012年7月31日财政年度的常年报告与已审核财务报表。

营运业绩

尽管2012年又是充满挑战的一年，外围环境的波动也日益加剧，我谨此非常荣幸的向各位汇报，森德公司在截至2012年7月31日的财政年，再度取得令人鼓舞的稳健成长业绩。森德公司在本财政年的营业额，取得9.6%的增长，从前一年的8亿400万令吉，增加至8亿8100万令吉，再次刷新营业额的历史新高。与此同时，税前盈利也同步创下1亿720万令吉的新高纪录，比2011财政年的9660万令吉，高出10.9%。森德公司的每股盈利则从35.9仙增加至39.02仙。每股净资产值为2令吉44仙，上个财政年则是2令吉17仙。

在制造业方面，森德公司也为了迎合全球客户对拉伸膜和其它包装产品的需求而提高产能。公司自2011年9月开始，在现有的巴生港口的英达岛厂房增设一条拉伸膜生产线，如今，厂房的9条生产线为公司带来120,000公吨的年度产量。除了拉伸膜，森德公司也将捆绑带的年度产能增加至24,000公吨。另一方面，特定产品如聚合物产品和汽车地毯的需求，也随着全球供应链的营运回复正常而回升。其它产品如瓦楞纸箱、聚氨酯预聚合物粘合剂和吹塑薄膜在本地需求依然强稳。森德公司也从2012年5月开始，将编织袋的生产线从马六甲迁移到越南，以加强营运效率与成本效益。

另一方面，森德公司的产业业务，按年取得了11.7%的增长。位于柔佛州巴西古当与古来的发展计划持续吸引购屋者，大部分推介的产业都取得非常高的销售率。至于士古来的产业地理位置优越，毗邻标志性发展计划如乐高乐园和马尔波罗学院，纽卡索分校而发展迅速的努沙再也以及靠近马新第2通道，吸引了新加坡人和在新加坡工作的大马公民投资我们的产业。这些发展计划都位于大马伊斯干达区内，是大马政府扮演着关键的角色，投下资源和资金，以有利投资者的政策打造和推动为世界级投资枢纽的发展区块，以吸引外资和海外专业人士在此工作，享受生活和居住。另外，森德公司位于马六甲州爱极乐慕查化高原(Taman Muzaffar Heights)产业计划业务也取得卓越的表现。森德公司善用这项成功的计划，将在下一个财政年推出更多的产业计划，把握稳健需求的良机。

森德公司再创新高的业务表现，让集团在截至2012年7月31日财政年资产负债表中的股东权益从去年同期的4亿6730万令吉，增加至5亿2570万令吉。森德公司的营运流动现金状况强稳，加上管理层的严谨内部监控措施和精明现金流动监管奏效，促使公司的净资产负债比率处于0.04倍的水平。这些良好的因素有利于森德集团进一步拓展业务，进行选择性投资以及掌控未来商机。

股息

董事部宣布派发12%的中期股息。有关的股息已经在2012年7月27日派发。另外，董事部也非常怡悦的向我们尊敬的众股东透露，董事部建议在截至2012年7月31日的财政年，派发16%的终期股息。有关终期股息的派发还有待即将来临的常年股东大会的通过。为此，森德公司的股息派发总数估计达到3010万令吉，相等于集团约36%的净盈利。这项措施也符合了森德公司在2011年6月21日公布的派发最低30%净盈利给股东的股息政策。

企业发展

2011年12月16日，森德公司通过全权持有附属公司，Scientex Quatari Sdn Bhd，达成收购 Tropicana Holdings Sdn Bhd 股权的买卖协议。后者在柔佛士乃国际机场附近持有面积约244英亩的永久业权土地。有关的土地将作为往后发展的用途。

森德公司在另一项近期发布的企业活动中，于10月3日通过全权持有的附属公司森德包装膜有限公司(Scientex Packaging Film Sdn Bhd) 跟长城塑胶控股公司 (GW Plastics Holdings Berhad) 达致有条件股份转让协议，以收购长城塑胶控股公司旗下两家子公司，既长城塑胶工业公司 (Great Wall Plastic Industries Berhad) 和长城包装私人有限公司 (GW Packaging Sdn Bhd)100%的股权。这项需符合股份转让协议的若干先决条件，同时包括获取长城塑胶控股公司以及长城塑胶工业公司股东的通过而达成收购协议的活动，估计可在2013年首季完成。基于这两家公司将会成为森德公司全权持有的附属公司，有关的收购将能为集团下个财政年带来正面的营业额与盈利贡献。

营运环境以及前景

大马国家银行于2012年8月15日发布的新闻稿中捎来警讯。国行表示，全球经济复苏的步伐在2012年第2季有所放缓，而全球经济则面对持续下调的局面。主要是欧洲主权债务危机和美国的财务问题的相关不明朗政策，持续影响了市场情绪和经济成长前景。国行透露，主要发达经济体的成长放慢，并且持绪受到财务合并、信货紧缩和疲弱的劳力市场所困扰。美国复苏乏力与中国的增长放缓，持续打压信心，进而影响全球需求。另一方面，日本经济受到重建刺激的带动而回弹，促使森德公司输往日本的出口提高。集团在亚太区域的出口增加也抵消了欧盟国家出口的微跌。另外，金融市场的动荡也导致货币市场的波动。中东区域持续的地缘政治紧张局势则导致原油价格因为不明朗因素和供应隐忧而上涨。

大马2012年的经济估计将会在国内消费以及政府开销的大力推动下，取得4.5%-5.0%的成长。政府已经推介了多项吸引外资的措施，而这些举措将会继续成为促进经济成长的催化剂。政府持续提倡大马伊斯干达区为投资天堂的努力，必定能推高这区内的产业需求，而森德公司也将能直接受惠于这项发展计划的溢出效应。另一方面，政府献议通过发展高效益，价值600亿令吉边佳兰石化工业区，让大马成为区域石油与天然气枢纽的目标，也将在柔佛边佳兰制造更庞大的房屋与设施需求。森德公司凭着位于巴西古当的现有地库，也得以从这些庞大发展计划中获益。政府推介的可负担房屋计划，估计将在需求偏高的情况下，取得良好的回响。这对集团来说，更是好预兆。除此之外，海外专业人士迁入，加上人口增加，也将会持续推高可负担房屋的需求，而日益富裕的购屋者，也会青睐高尚住宅，进而提高集团旗下高档产业的需求。

我们的成长策略

森德公司的良好财务表现反映出集团摒弃非核心业务，重组业务，以便专注于产业和制造业两大核心业务成长的方向正确与策略的奏效。展望未来，集团将会善用我们的竞争优势，在比竞争者更占优势的范围里打稳基础。

在制造业方面，随着2011年9月增加生产线以后，森德公司位于英达岛厂房的拉伸膜生产线已经全部投入生产，产能使用率已经饱和。为了提高产能，集团已经开始扩充生产设施，两条新增的生产线估计能够在2013年投入运作。这两条新的生产线能够生产多层环保膜，年度产量将提高至150,000公吨。森德公司希望通过采用先进的机械和各项规模经济效益，朝向全球首要拉伸膜生产商之一的目标前进。与此同时也会确保集团进军环保、创新和附加价值产品市场之际，仍旧能在成本上具备竞争性。

另一方面，聚合物产品的需求回升，促使这项业务在本财政年取得良好的营业额和盈利成长。为了持续强化本身优势并改善产品质量，森德公司的其中一项努力是提升聚合物产品厂房与器械的工作，以符合来自全球汽车制造商与一级供应商的严格要求。

森德公司与日本三井化学东セ口株式会社(MCTI)联营公司的新厂房建设已经竣工，并且于2012年6月开始测试太阳能电池EVA薄膜的生产。这间集合高科技机械的厂房也已经在2012年9月份投入商业营运。

产业业务将继续成为集团极重要的营业额与盈利贡献者。我们位于士古来帝雅园(Taman Mutiara Mas)的高档房产自2010年5月的首期推介以来，陆续推介的房产都取得非常高的购屋率。森德公司在帝雅园办事处开设的销售服务廊和示范园，让购屋者体验在帝雅园生活时被地和水元素以及绿意包围的围篱保安社区环境的感受。集团确信，士古来帝雅园房产集合妥善城镇规划、革新产业、卓越基建设施、地点适中、交通连接主要高速大道的优势，将促使这个现代城镇的产业，在未来几年成为争相购买的对象。森德公司也在近期推介了旗下第一项独特的高楼产业发展计划。这项发展坐落于6英亩的开放和绿色空间，为迎合不同类别购屋者和投资者的需求而提供不同的设计和产业面积。

森德公司进军高档住宅，迎合富裕和中等收入购屋者需求之余，也将继续通过巴西古当和古来的可负担房屋产业计划，建设可负担住宅，来响应政府的呼吁。此综合多元化盈利来源的举措也能避免过度依赖特定产业市场的风险。

感谢篇

首先，我谨代表董事部，恭贺我们的管理层。尽管面对艰巨的挑战和外围环境的波动，他们细心的付出，奉献和齐心协力，带领我们迈入另一个新里程碑。我特此向董事经理和管理层致敬，感谢他们带领森德公司走过这一年，也感激他们在集团突破未来的挑战时，让我们仍旧保持应有的专注。

最后，我也借此机会，至诚感激我们的股东、忠诚客户、众银行与生意伙伴，感谢各造继续对森德公司充满信心。通过你们的支持，我们将能在更有利的条件下，取得更大的成就和持续稳健的成长。

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
主席

REVIEW OF OPERATIONS

MANUFACTURING

Signed sale and purchase agreement to acquire two (2) additional multi layered lines.

The Group's manufacturing division continues to record another year of good performance despite being faced with an increasingly volatile and uncertain external environment in the global markets. The myriad of global events which unfold since the second half of 2011 ranging from the downgrade of the United States credit rating in August 2011, the on-going Eurozone sovereign debt crisis, the lacklustre economic recovery in the United States and the slowdown experienced in the key emerging markets of Brazil, China and India which had affected global confidence and resulted in great turmoil and volatility in the financial markets with spillover effects being felt in the currency and commodities markets since late 2011. Despite these challenges, the manufacturing division recorded a turnover of RM636.5 million, an increase of RM51.3 million compared to the turnover of RM585.2 million achieved in the previous financial year. Operating profit achieved in the current year under review was RM35.7 million.

For the financial year 2012, the Group continued with the expansion of its stretch film production capacity with the successful commissioning of its ninth line which commenced commercial production in September 2011. With this latest line, our Pulau Indah plant has a total of 9 lines with a total production capacity of 120,000 metric tons. We have also committed to purchase 2 more new multi layered lines. With their commissioning by the second half of 2013, the annual production capacity of our Pulau Indah plant would rise further from 120,000 metric tons to a total of 11 lines with an annual production capacity of 150,000 metric tons of quality stretch film of varies sizes and measurements. Once fully operational, the Group would be well positioned to reap greater economies of scale and costs savings and enable our products to be more competitively priced through the lowering of our production costs. With lower production costs, the Group can offer competitively priced products and aggressively market its products to penetrate new and untapped markets and the Group has embarked on strategic tie-ups with established distributors and agents to assist the Group in increasing sales in those markets.

Since May 2012, the Group has also started construction works on its factory expansion in Pulau Indah to house the additional 2 lines purchased. The expansion can house up to 3 additional production lines.

Through innovation, we offer products with significant cost-saving features such as our new-generation super thin film known as "A Telite" in Japan and "Elite-8" elsewhere in the world. This relatively thinner film consumes less raw materials to produce, thereby reducing usage and wastage of raw materials whilst providing similar packaging performance. With lesser use of raw materials, there is corresponding reduction in the carbon footprint.

Our PP strapping band plant now has a total of 12 lines with a total annual production capacity of 24,000 metric tons. With the increase in capacity, the Group has shifted its focus on ramping up sales and marketing activities to increase sales. Sales continue to witness increasing demand from our major customers. To diversify our market base, we are also making customised products for our customers in Australia and New Zealand whilst we seek to improve our market share in the other Asia Pacific countries with our competitively priced quality products.

For our polymer products division, the Group has experienced a reversal of fortunes since last financial year. In the previous financial year, the polymer products division was particularly affected by the Japanese tsunami and the unprecedented flooding in Thailand in the later half of 2011 which had severely affected and disrupted the global supply chain for the automotive industry. However, the automotive industry has seen a rebound in global sales since end 2011 and the results achieved by the polymer division is reflective of the current scenario.

Through good manufacturing practice, our quality products has enabled us to penetrate international markets. In particular, we were able to penetrate and to make inroads into Nissan Japan and Ford Australia for the supply of automotive interior materials, namely PVC bilaminated and PVC vinyl for the manufacture of automotive interior parts and applications such as instrument panels, door trims, arm rest, console, headlining and car upholstery. To further improve on the quality of our products, we are currently upgrading some of our machinery.

Since end 2011, the woven business faced intense competition and weak demand for the products. In May 2012, we have relocated our entire woven bags production to Vietnam to achieve greater economies of scale and costs savings. The relocation of the woven business to our plant in Vietnam forms part of our strategy to rationalise our costs structure to improve our competitiveness. With costs savings, we are able to price our products competitively and maintain our existing niche markets.

The fast growing Indonesian market driven by strong consumption growth has underpinned the strong demand for our urethane pre-polymer adhesives as flexible packaging converters increased their supply of products to meet the demand in the ever-growing food and beverage industries. Revenue for this segment has grown by 20% year-on-year and we are pleased to state that our business is now estimated to command a 35% market share for the entire urethane pre-polymer adhesives market in Indonesia, increasing from 30% achieved in the previous year. We have also managed to maintain our 40% market share in Malaysia for the year under review. Apart from expanding our business in Indonesia, Malaysia and Singapore, we are also making inroads to penetrate new markets in Vietnam.

For carton products, we continue to source and expand our supplier base for more reasonable and better quality paper from overseas which had assisted in reducing wastage and costs. As part of our efforts to maintain our existing niche business model, we will expand our market base for our existing products as well as develop new and customised products for our niche customers, apart from developing new customer base.

For the current financial year, our tufted carpet mats sales grew by 20% due to the increase in demand from our customers in Australia. However, our manufacturing costs had increased due to the increase in raw material cost and operating expenses which had impacted our bottom line profitability. We are also making efforts to penetrate into the original equipment manufacturing markets which will boost the revenue and profitability of the business unit for the coming financial year.

Our raffia business continues to perform well amidst the uncertainty in the global markets. Through our joint venture partner in Japan, we have been able to increase our sales to the niche Japanese market. With the current market outlook in Japan, we remain cautiously optimistic that we are able to maintain sales of our raffia products for the coming financial year.

Our Melaka based ethylene-vinyl acetate (EVA) solar encapsulating film manufacturing plant, a 50 : 50 joint venture with Mitsui Chemicals Tohcello, Inc. of Japan has undergone trial runs and has recently commenced operations in September 2012.

PROPERTY

Taman Mutiara Mas, Skudai

The financial year 2012 has seen our property division posting another year of solid results. Revenue continue to post healthy growth of 11.7% year-on-year from RM218.8 million to RM244.5 million with a 16.0% increase in operating profits from RM62.0 million to RM71.9 million. Both the affordable housing segment and our high end development have recorded strong growth in sales and barring any unforeseen circumstances, we are cautiously optimistic that we are able to repeat such performance in the coming financial year.

Taman Mutiara Mas, Skudai

Taman Mutiara Mas, an integrated township of prestige comprising high-end residential and commercial development is strategically located in the centre of Iskandar Malaysia. Its enviable location provides easy access to established townships and has good connectivity to the up and coming Nusajaya metropolis sprawling from Kota Iskandar to Puteri Harbour and attractions such as Legoland and Newcastle University. Its proximity to Singapore via the Tuas and Woodland checkpoints has garnered and attracted the interest of both Singaporeans and Malaysians who are eager to invest in prime properties in Iskandar Malaysia.

In line with the lifestyle concept which emphasizes natural living, we have developed the "Canal Precinct" which relates to the elements of water that will see aesthetically and tastefully-designed homes blending in with the natural environment. In August 2011, the "Opal" 2 storey cluster homes was introduced which saw 40 out of the 60 units being sold prior to the official launch.

Encouraged by the initial success of our "Opal" product, another 2 types of cluster homes known as "Opal Premium" 2 storey cluster homes and "Opal Signature" which features 2 ½ storey cluster homes was introduced during the official launch of the canal cluster sanctuary in May 2012. The Management saw overwhelming response to the launches with a take-up rate of 75% from the total of 72 units available for sale till date.

As we move ahead in our quest to build an iconic township with a modern business hub, Taman Mutiara Mas launched another 65 units of 3 storey shops known as "1Signature" in September 2011. Amongst a unique feature of this development is the provision of an adjoining multi storey carpark serving both customers and owners alike with hassle free parking. Till date, 80% of the non-Bumiputera units have been sold.

The Government's efforts to promote Iskandar Malaysia as an investment destination of choice continues to be a market driver and boosting demand for properties in the southernmost region of Johor, particularly in the high-end residential market. For the coming financial year, the first high rise project in Taman Mutiara Mas known as "The Garden Residences" will be introduced to the market. This is part of our strategy of providing ample greenery and a natural living concept development. This 7 acres high rise development will see more than 85% of the development being dedicated to the greenery amidst the usable spaces, thus creating a sense of lush and spacious greenery living for the occupants. Apart from the launches, we have completed the construction of our first launch of 3 storey shop offices which was launched in May 2010. For the coming year, we also target to hand over keys and deliver vacant possession to 264 home owners for the earlier phases launched.

Taman Muzaffar Heights, Ayer Keroh

Our development which is strategically located in Ayer Keroh, Melaka is situated on elevated land in the midst of a matured neighbourhood with good infrastructure and amenities. This has gained Taman Muzaffar Heights recognition in the marketplace as a place for lifestyle homes and successful businesses.

Through proper planning, we have further enhanced the exclusivity of this beautiful piece of development by creating a prestigious and highly sought after environment by implementing a guarded scheme and providing recreational amenities such as jogging tracks and reflexology paths surrounded by well planned landscaping for leisure activities.

Throughout this financial year, we have launched 48 units of double storey link houses with a 100% sales and 25 units of 3 storey shop offices with good take-up rate. We have also successfully completed and handed over keys of 156 units of double storey terrace houses and 50 units of 2 storey shop offices to our happy purchasers.

Hidup Sihat,
Keluarga Bahagia!

"Saya amat gembira kerana telah mendapat kunci lebih awal dari yang dijangkakan. Sebelum itu, saya memang giat mencari rumah sebab dah lama menyewa rumah. Saudara telah mencadangkan saya untuk pergi melawat rumah contoh di Taman Scientex, Pasir Gudang. Setelah melihat rumah contoh di Taman Scientex, saya terus membuat tempahan kerana saya mendapati harga rumahnya mampu dimiliki, reka bentuk pun moden dan pegangan tanah pula bebas" En. Khairul Nizam

Scientex Bulletin

Customers of Scientex are constantly being updated on the new developments and products offered in Taman Scientex, Pasir Gudang and Kulai through our Scientex Bulletin.

Taman Scientex, Pasir Gudang

During the financial year under review, Taman Scientex, Pasir Gudang launched 4 new affordable housing projects with a total of 555 units. Our double storey terrace houses are priced from RM130,800 and double storey cluster homes from RM308,000. Our double storey terrace houses with mezzanine under Phase P13a (Lavender) are also affordably priced from RM175,800 and are already sold out.

The current financial year also witnessed the handing over of 503 units of houses to our proud owners. Phase Q7b (Camelia) comprising 179 units of double storey terrace houses were handed over in January 2012. Phase Q11 (Tulip) comprising of 190 units of double storey low medium cost terrace houses were handed over in July 2012. We have also witnessed the handing over of 134 units of double storey terrace houses under Phase 12 (Lily) in June 2012.

Taman Scientex, Kulai

For the financial year under review, Taman Scientex, Kulai witnessed 3 launches for our various types of products comprising 26 units of double storey shop offices and 167 units of double storey terrace houses priced from RM138,800. These projects have seen an average 83% take-up rate to date.

This year, Taman Scientex, Kulai has also witnessed the handing over of vacant possession to 341 purchasers.

Taman Scientex in support of government initiative to build affordable homes

As more and more developers gravitate towards the more profitable luxury segment, Taman Scientex, Pasir Gudang and Kulai continue to focus on its core competency in building the affordable and quality homes to cater for low to middle income Malaysians particularly Johoreans who earn between RM1,500 to RM5,000 a month as well as newcomers to the employment market.

Taman Scientex, Pasir Gudang was among the first developers to introduce the landed, freehold double storey terrace house 16' x 60' model (Type D) to the low to medium income market in Pasir Gudang. Following the successful launch of Casuaria (390 units of double storey terrace houses) in October 2002, it has never looked back and has since then sold more than 5,000 units of Type D properties to cater to the needs of the low to medium income group. Today, Scientex remains a market leader in championing the construction and building of affordable homes in Johor particularly in Pasir Gudang and Kulai as part of its social responsibility as a developer to cater for the demand for affordable housing.

Our innovative Type D model seeks to address the dilemma faced by low to medium income house buyers who desire to own their own homes but are unable to afford the high prices offered by other developers, who have priced in their products beyond the reach of those category of home-buyers due to the escalating land cost, material cost and labor cost.

Over the years, Taman Scientex has continued to develop and offer a variety of Type D products with different product features to cater for this market segment based on their requirements in terms of privacy, space and affordability.

Type	Built-up	Price Range
D1++	1,713 sq.ft	From RM175,800
D1+	1,553 sq.ft	From RM145,800
D1	1,438 sq.ft	From RM130,800
D2	1,180 sq.ft	From RM115,800

The success of Type D model is mainly attributed to the core competency of Scientex in its ability to build and deliver affordably priced products on schedule without compromising on quality. In Taman Scientex, Kulai the same product model was introduced in 2008 following the huge popularity and demand for such products in Taman Scientex, Pasir Gudang and our Kulai development has since sold more than 1,000 units of Type D.

In addition, Taman Scientex, Pasir Gudang and Kulai have also put in effort to support the 1 Scientex spirit among its residents. Carnival events were organized and famous artiste such as Amy Search, Shila Amzah, Izara Aishah and Neelofa were invited to grace the events. Various telematch games, children contest, games stall, inflatable games for children and adults were also organised so that family members can spend quality time together and strengthen their family values. This is indeed consistent with the Scientex tagline of "Healthy, Friendly and Happy".

Taman Scientex, Pasir Gudang and Kulai will continue to support the policy of the Government to make home affordable and will continue to focus to build affordable products in the range of RM130,000 to RM330,000 to cater for such demand which has been overlooked by other developers.

CORPORATE RESPONSIBILITY STATEMENT

SCIENTEX Foundation

Scientex Foundation's Objectives

Scientex Foundation has carried out activities to create greater awareness in the areas of **healthcare** and **environment** as part of its corporate responsibility initiative on promoting sustainability. Funding for the activities of Scientex Foundation are mainly secured from its principal **Scientex Berhad**. Scientex Foundation is a registered tax exempt entity and may also seek contributions and donations from the public.

Scientex is fully aware and recognises the need to work together with various stakeholders, interest groups and other non-profit organisations to address issues on the way businesses are run and conducted and how its activities may have an impact on its people and the surrounding environment. For its part, Scientex Foundation will continue to engage with various interest groups in its effort to raise and highlight issues pertaining to healthcare and the environment as a responsible and caring corporate citizen.

HEALTHCARE OBJECTIVE

Healthcare is an issue close to the heart of Scientex as it recognises the importance and contributions made by its peoples. Scientex also acknowledges that the development of human capital resource and sustainable communities are important to the continued success of Scientex. Given the fast pace and hectic work environment that we work in, Scientex strongly advocates that everyone should lead a healthy lifestyle and 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 brings positive influence to family, friends and at the work environment.

Collaboration with
UNIVERSITY MALAYA MEDICAL CENTRE

UNIVERSITY OF MALAYA
UM MEDICAL CENTRE

Research conducted by Associate Professor Dr Lim Boon Kiong and team

A cervical cancer related research project funded by the Foundation is currently being undertaken by a 5 member team of researchers from University Malaya Medical Centre led by Associate Professor Dr Lim Boon Kiong. The research team is conducting research on the viability of a self sampler device as a cheaper alternative to the established but more expensive pap smear test method. A total of 482 volunteers have been recruited for the research study and tests have been conducted on 345 volunteers. The tentative results indicated that the proposed self sampler device scored highly in terms of acceptance of use amongst the volunteers and accuracy of results. With the tentative results, the research team intends to continue with their current studies and to validate their findings with a larger pool of volunteers and the research team intends to get 1,000 volunteers to sign up for the research program. The successful testing and acceptance of this self sampler device as a reliable screening tool would result in greater and cheaper access to screening and detection for cervical cancer, especially for the underprivileged and the poor who cannot afford expensive medical tests. A full analysis and review of the study results will be made once a total of 500 test subjects have been reached.

Collaboration with
MAJLIS KANSER NASIONAL (MAKNA)

MAKNA
Majlis Kanser Nasional
National Cancer Council

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

The Foundation is in collaboration with Majlis Kanser Nasional (MAKNA) in support of the on-going research being conducted by Emeritus Professor Dr S.K.Cheong and his team from Universiti Kebangsaan Malaysia in relation to Mesenchymal Stem Cells ("MSC") and MSC based gene therapy for treatment of cancers. MSC possesses regenerative properties and holds great promise in the field of medicine. The research team led by Emeritus Professor Dr Cheong has successfully conducted pre-clinical trials whereby MSC can be used for the repair of body organs which has been afflicted with cancer. The positive results yielded in the pre-clinical trials have offered hope that the on-going research on MSC would eventually be able to provide a solution or cure in the combat against the scourge of various types of cancers.

The research team is also conducting studies on MSC gene based therapy whereby MSC is being researched on its ability to act as a carrier for certain genes which could be transported to areas of the human body afflicted by cancer. The delivery and transportation of these genes were designed to induce the generation of certain hormones required by the body to counter the cancerous cells. Test results have indicated that MSC injected with erythropoietin ("EPO") gene could stimulate the production of red blood cells to counter anemia which is normally found in cancer patients. Successful pre-clinical trials using live mice indicated that MSC could be used as a transport medium to transport the EPO gene to generate and raise the hemoglobin levels. This successful experiment, albeit with mice, holds great promise for cancer patients. During the course of the tests, it was discovered that MSC could play a role in the regeneration of hair follicles. Cancer stricken patients normally suffer hair loss during treatment and this positive discovery can address the problem of hair loss for these cancer patients undergoing treatment.

Lastly, the research team has explored the ability of MSC to carry cytokines which are lethal to the cancer cells, but not harmful to the normal cells, since it is now known that MSC migrate to cancer tissues. These experiments are currently on-going.

Collaboration with
NATIONAL CANCER SOCIETY MALAYSIA (NCSM)

National Cancer Society Malaysia
Giving Hope Celebrating Life

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 73 sessions have been conducted by NCSM and a total of 2,194 women have benefited 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 that 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.

ENVIRONMENTAL OBJECTIVE

Collaboration with
MINISTRY OF HOUSING AND LOCAL GOVERNMENT AND MALAYSIAN PLASTICS MANUFACTURERS ASSOCIATION (MPMA)

MPMA Malaysian Plastics Manufacturers Association

3Rs Awareness Program

For the third year running, Scientex Foundation has joined hands with the Malaysian Plastics Manufacturers Association (MPMA) to conduct the 3Rs (Reduce, Reuse, Recycle) awareness program which seeks to educate and create awareness of school children on issues pertaining to the protection of the environment, pollution and the protection and conservation of natural resources toward environmental sustainability. For the first time, the program also saw the active participation of the Ministry of Housing and Local Government whose role was pivotal in ensuring the smooth implementation and rollout of the program in Melaka.

The Melaka program saw the participation of 50 primary and secondary schools coming together compared to the participation of 5 selected schools when the program was first launched in the Klang Valley in 2010. In the following year 2011, the program secured the participation of 6 selected schools in Johor Bahru and the Ministry, acting as one of the key promoters of the program, secured the inter-governmental support from the Ministry of Education, Ministry of Tourism, the State Government of Melaka and the State Education Department of Melaka in its bid to ensure that the rollout of the state wide program could be successfully implemented.

The launch of the Melaka program was held at Pantai Puteri Beach, Melaka and was officiated by the Yang Berbahagia Dato' Dr Nadzri Bin Yahaya, the Director General of the National Solid Waste Department, Ministry of Housing and Local Government. The launch entailed a beach clean up by participants of the schools as part of the educational process to raise awareness on cleanliness generally and to recycle recyclable items collected during the beach clean up.

Despite the hectic schedule of the school children, the judges were overwhelmed by the number of entries submitted by the participating schools and students. Given the quality of the entries submitted, the judges were generally of the view that the school children were aware of the need for 3Rs as articulated in the poster drawings, the innovations from recycled materials and the recycling campaign which was carried out during the competition period. The activities were designed to raise the awareness and understanding of the students on the importance of the environment and the need to practise recycling as part of the efforts to protect the environment and how recycling efforts can mitigate the destruction of natural resources as well as the environment. Apart from the individual competitions, all the schools also participated in the competition for the collection of recyclables and a prize-giving ceremony was held in June 2012. The Foundation hopes to work together with more participating schools, educators and interested governmental and non-governmental organisations to roll out such similar programs to states in our bid to educate more school children on the need to practise 3Rs as part of our collective efforts and responsibility to combat global warming.

WORK PLACE

In November 2011, a budget dialogue cum team building event was held at Phuket, Thailand for middle and senior level executives of the Group. The trip was organised to promote greater participation from the employees as they were put through certain fun filled activities. These activities were designed to develop greater camaraderie and foster better understanding and teamwork amongst colleagues which was essential as the Group progresses and continues to expand.

In June 2012, the Management held a mid year budget review for all its executives and senior management. Presentations were made by the respective divisions and business units and everyone learnt more about the direction and growth plans of the Group. The mid year review was also conducted with an objective of exposing the executives to learn more about commercial and business aspects, sales and marketing strategies and the steps being undertaken by the various business units to address the on-going global uncertainty. The whole day executive event was followed by a sumptuous dinner accompanied by a live band who got the crowd entertained and engaged with their dancing, singing and impromptu acts by the entertainers.

Statement On Internal Control

Introduction

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

Board Responsibility

The Board acknowledges its overall responsibility to maintain a sound system of internal controls as well as reviewing its adequacy and effectiveness and to put in sufficient safeguards to manage the Group's risks 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.

Risk Management

The Board understands that all areas of the Group's activities involve some degree of risk and recognises that business decisions involve the taking of appropriate risks and the ultimate objective is to balance the risks involved with the potential returns to the shareholders. 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

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 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 control 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 actions 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 risk management practice and system of internal control instituted throughout the Group are 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 23 October 2012.

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 2012.

MEMBERSHIP

The members of the Audit Committee comprise 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

SUMMARY OF TERMS OF REFERENCE

Composition

i) The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, who fulfill the requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

ii) The Chairman shall be an Independent Non-Executive Director.

iii) 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 to fill the vacancy.

iv) 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;

   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.

Continued

Meetings and Reporting Procedures

i) The Audit Committee shall meet at least four (4) times in a financial year and the Chairman may call for additional meetings when necessary.

ii) The quorum for a meeting shall consist not less than two (2) members, the majority of those present must be Independent Directors.

iii) 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.

iv) Notice of the proposed agenda for each meeting is distributed in a timely manner to the members of the Audit Committee.

v) 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 2012 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 2011, 1 November 2011, 15 December 2011, 21 March 2012 and 26 June 2012.

ACTIVITIES UNDERTAKEN BY AUDIT COMMITTEE

The activities of the Audit Committee during the financial year ended 31 July 2012 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) considered the appointment of external auditors and received written assurance from the external auditors regarding their independence relating to their audit work;

iv) discussed with the external auditors before the audit commences, the nature and scope of the audit plan;

v) discussed any issues arising from the audit exercise and reviewed the external auditors' report and management's response;

vi) discussed with the external auditors on matters arising from the final audit without the presence of the executive board members and management;

vii) reviewed the adequacy and relevance of the scope, functions and internal audit processes as well as the internal audit plan;

viii) reviewed the internal audit report presented by internal auditors and considered the major findings and recommendations of the internal auditors in the Group's operation and ensured significant findings were adequately addressed by the management;

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 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 2012 amounted to RM227,467.

This Audit Committee Report is made in accordance with the resolution of the Board on 23 October 2012.

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 sustainable 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.

1. THE BOARD

Board's Responsibilities

The Board is primarily responsible to determine 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, while the Management is accountable for the execution of the expressed policies and attainment of the Group's corporate objectives.

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 at least one-third of the total number of Directors to be independent.

The Board's members are drawn from various backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Board to provide a synergy of strength in charting the directions of the Group. The profile of the Directors as presented on pages 8 to 11 of this Annual Report demonstrate their range of qualifications and experience.

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 dealings 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 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 in the oversight of management whilst the Managing Director has overall responsibilities for the day-to-day management of the Group to ensure the Group's businesses are properly and efficiently managed and to 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' character, competence, integrity, time commitment 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.

Continued

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, annual financial statements, internal audit plan and progress reports, acquisition proposal, major corporate and financial 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, recommendation of dividend, financial results, major acquisition of assets or investment and corporate issues. 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.

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 auditors, 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 the 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 2012, the Board met four (4) 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	4/4	100
Lim Peng Jin	4/4	100
Non-Executive Directors		
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	4/4	100
Lim Peng Cheong	4/4	100
Fok Chuan Meng	4/4	100
Wong Mook Weng @ Wong Tsap Loy	4/4	100
Cham Chean Fong @ Sian Chean Fong	4/4	100
Dato' Hazimah Binti Zainuddin	4/4	100
Teow Her Kok @ Chang Choo Chau	4/4	100

Notes:-
The meetings were held on 1 November 2011, 15 December 2011, 21 March 2012 and 26 June 2012.

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. In addition, the Board is notified of a series of governance programmes conducted by Bursa Securities for their consideration of participation.

During the financial year, all Directors had visited the packaging division's stretch film plant in Pulau Indah to obtain better perspective of the business expansion and enhanced their understanding of the plant's operation. In addition, Y.Bhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim had attended Financial Institutions Directors' Education Programmes and dialogue, conference and seminars related to the economic and regulatory issues. Mr Lim Peng Jin had attended seminars related to economic, business and corporate management issues and Mr Fok Chuan Meng had attended a governance programme pertaining to the assurance of audit quality.

Continued

Code of Ethics

The Board has on 24 September 2008 adopted the Code of Ethics for Directors, which set out the standards of corporate governance and corporate behaviour for the Directors of the Company. The Directors shall observe the Code of Ethics and its application to the performance of their duties and responsibilities in relation to the matters related to corporate governance, relationship with shareholders, employees, creditors and customers and corporate responsibilities and environment.

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 *(Independent Non-Executive Director)*
Fok Chuan Meng	Member *(Non-Independent Non-Executive Director)*
Wong Mook Weng @ Wong Tsap Loy	Member *(Independent Non-Executive Director)*
Cham Chean Fong @ Sian Chean Fong	Member *(Independent Non-Executive Director)*

The summary of the terms of reference and report of the Audit Committee are provided on pages 31 and 32 of this Annual Report.

(ii) Nomination Committee

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

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

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 *(Independent Non-Executive Director)*
Lim Peng Jin	Member *(Managing Director)*
Cham Chean Fong @ Sian Chean Fong	Member *(Independent Non-Executive Director)*

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 packages and other employment conditions, if required.

Continued

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	Fees	Bonuses and Allowances and Other Emoluments	EPF Contribution by Employer	Total
	RM	RM	RM	RM	RM
Executive Directors	3,546,000	30,000	1,680,000	867,420	6,123,420
Non-Executive Directors	-	110,000	-	-	110,000

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	-	7
RM700,001 – RM750,000	1	-
RM5,350,001 – RM5,400,000	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:-

(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 the Board;

(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; and

(iv) continuous stream of active dialogue, discussion or briefing with the press, fund managers and analysts through planned programme of investor relations activities.

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 at least 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, business operations, corporate governance and other matters affecting shareholders' interests. 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.

Continued

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 30 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's 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 23 October 2012.

Additional Compliance Information

1. **Share Buy-Backs**

During the financial year ended 31 July 2012, the Company bought back 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 shares bought back by the Company during the financial year ended 31 July 2012 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 2011	100	2.52	2.52	2.52	293.08
June 2012	100	2.49	2.49	2.49	291.08
Total	200				584.16

All the shares bought back by the Company during the financial year were retained as treasury shares. As such, the Company held 14,959,862 of its 230,000,000 issued and paid-up capital as treasury shares as at 31 July 2012. 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. **Depository Receipt Programme**

The Company did not sponsor any depository receipt 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 2012 was as follows:-

Name of Auditors	Services	Fees (RM)
Ernst & Young	Review of Statement on 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 2012 and the unaudited results for the quarter ended 31 July 2012 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 2012.

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 2012.

Financial Statements

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2012.

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	87,869,016	17,081,468
Attributable to:		
Owners of the parent	83,916,876	17,081,468
Non-controlling interests	3,952,140	-
	87,869,016	17,081,468

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 2011 were as follows:

	RM
In respect of the financial year ended 31 July 2011:	
Single tier final dividend of 14%, on 215,040,238 ordinary shares declared on 15 December 2011 and paid on 16 January 2012	15,052,817
In respect of the financial year ended 31 July 2012:	
Single tier interim dividend of 12%, on 215,040,138 ordinary shares declared on 26 June 2012 and paid on 27 July 2012	12,902,408
	27,955,225

At the forthcoming Annual General Meeting, a single tier final dividend of 16% in respect of the financial year ended 31 July 2012 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 2013.

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:

	Number of ordinary shares of RM0.50 each			
Name of directors	**1 August 2011**	**Bought**	**Sold**	**31 July 2012**
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	1,053,400	47,400	(200,000)	900,800
Wong Mook Weng @ Wong Tsap Loy	1,468,844	122,080	-	1,590,924
Teow Her Kok @ Chang Choo Chau	320,000	-	-	320,000
Deemed/Indirect interests				
Ordinary shares of the Company				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	140,000	-	(20,000)	120,000
Lim Teck Meng	100,624,512	5,310,000	(2,810,500)	103,124,012
Lim Peng Jin	101,533,649	8,001,900	(2,810,500)	106,725,049
Lim Peng Cheong	99,971,119	5,069,400	(2,910,500)	102,130,019
Wong Mook Weng @ Wong Tsap Loy	695,768	-	-	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 200 of its issued ordinary shares from the open market at an average price (including transaction costs) of RM2.92 per share. The total consideration paid for the repurchase including transaction costs was RM584. The repurchased shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 July 2012, the Company held 14,959,862 of its 230,000,000 issued and paid-up share capital as treasury shares. Such treasury shares are held at a carrying amount of RM21,810,773 and further relevant details are disclosed in Note 28(b) to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the income statements, 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 DURING THE FINANCIAL YEAR

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 15 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Significant event subsequent to the financial year end is disclosed in Note 38 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 23 October 2012.

LIM PENG JIN **LIM PENG CHEONG**

Statement By Directors

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

We, Lim Peng Jin and Lim Peng Cheong, 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 45 to 109 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2012 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 40 on page 110 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 23 October 2012.

LIM PENG JIN

LIM PENG CHEONG

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 45 to 109 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 Shah Alam in Selangor Darul Ehsan
on 23 October 2012

CHANG SIEW SIAN

Before me,
Haji Ariffin Bin Mohd Ramli, PPT, PJK (B351)
Commissioner for Oaths
Shah Alam
Selangor Darul Ehsan

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 2012 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 45 to 109.

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's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2012 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 110 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

Kua Choo Kai
No. 2030/03/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 October 2012

Consolidated Income Statement

For the financial year ended 31 July 2012

	Note	2012 RM	2011 RM
Revenue	4	881,024,778	804,022,790
Cost of sales	5	(703,224,494)	(644,721,905)
Gross profit		177,800,284	159,300,885
Other income		3,078,881	3,759,748
Other items of expense			
Selling and distribution expenses		(28,560,431)	(25,861,458)
Administrative expenses		(44,705,763)	(39,761,930)
Operating profit		107,612,971	97,437,245
Finance costs	6	(896,965)	(1,573,072)
Share of results of associate and jointly controlled entity		452,727	776,076
Profit before tax	7	107,168,733	96,640,249
Income tax expense	10	(19,299,717)	(16,521,830)
Profit for the year		87,869,016	80,118,419
Profit attributable to:			
Owners of the parent		83,916,876	77,245,764
Non-controlling interests		3,952,140	2,872,655
		87,869,016	80,118,419
Earnings per share attributable to owners of the parent (sen per share)			
Basic	11	39	36

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 2012

	2012 RM	2011 RM
Profit for the year	87,869,016	80,118,419
Other comprehensive income:		
Foreign currency translation, representing other comprehensive income for the year, net of tax	1,631,670	(1,588,305)
Total comprehensive income for the year	89,500,686	78,530,114
Total comprehensive income attributable to:		
Owners of the parent	85,321,202	75,953,734
Non-controlling interests	4,179,484	2,576,380
	89,500,686	78,530,114

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

Consolidated Statement Of Financial Position

As at 31 July 2012

	Note	2012 RM	2011 RM
ASSETS			
Non-current assets			
Property, plant and equipment	12	210,855,678	192,953,695
Investment properties	13	4,621,230	4,692,151
Land held for property development	14(a)	260,198,320	209,274,201
Investment in jointly controlled entity	16	22,464,483	22,498,998
Investment in associate	17	10,055,992	9,613,750
Other investments	18	5,036,730	5,036,730
		513,232,433	444,069,525
Current assets			
Property development costs	14(b)	71,138,172	64,912,481
Inventories	19	60,980,831	67,763,202
Trade and other receivables	20	124,053,653	105,497,383
Other current assets	21	3,302,515	1,879,918
Cash and bank balances	22	36,334,604	40,952,837
		295,809,775	281,005,821
TOTAL ASSETS		809,042,208	725,075,346
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	23	50,721,429	37,509,829
Retirement benefit obligations	24	266,613	361,376
Trade and other payables	25	155,614,443	136,721,160
Income tax payable		6,490,933	7,583,070
		213,093,418	182,175,435
Net current assets		82,716,357	98,830,386
Non-current liabilities			
Loans and borrowings	23	5,000,000	10,000,000
Retirement benefit obligations	24	7,682,356	7,096,784
Deferred tax liabilities	27	23,563,008	19,681,582
		36,245,364	36,778,366
Total liabilities		249,338,782	218,953,801
Net assets		559,703,426	506,121,545
Equity attributable to owners of the parent			
Share capital	28	115,000,000	115,000,000
Reserves	29	410,715,154	352,343,798
		525,715,154	467,343,798
Non-controlling interests		33,988,272	38,777,747
Total equity		559,703,426	506,121,545
TOTAL EQUITY AND LIABILITIES		809,042,208	725,075,346

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 2012

	Attributable to owners of the parent										
	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	Foreign currency translation reserves (Note 29(b)) RM	Treasury shares (Note 28(b)) RM	Other reserves 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 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
Total comprehensive income	-	-	-	-	1,404,326	-	-	83,916,876	85,321,202	4,179,484	89,500,686
Transactions with owners											
Realisation of revaluation reserve	-	-	-	(2,744,194)	-	-	-	2,744,194	-	-	-
Acquisition of additional interest in an existing subsidiary	-	-	-	-	-	-	-	1,005,963	1,005,963	(7,755,963)	(6,750,000)
Arising from voluntary winding-up of a subsidiary	-	-	-	-	-	-	-	-	-	(175,496)	(175,496)
Acquisition of treasury shares	-	-	-	-	-	(584)	-	-	(584)	-	(584)
Dividends (Note 30)	-	-	-	-	-	-	-	(27,955,225)	(27,955,225)	(1,037,500)	(28,992,725)
Total transactions with owners	-	-	-	(2,744,194)	-	(584)	-	(24,205,068)	(26,949,846)	(8,968,959)	(35,918,805)
Closing balance at 31 July 2012	115,000,000	19,232,974	17,467,367	26,387,839	(1,259,411)	(21,810,773)	460,816	370,236,342	525,715,154	33,988,272	559,703,426
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
	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
Total comprehensive income	-	-	-	-	(1,292,030)	-	-	77,245,764	75,953,734	2,576,380	78,530,114
Transactions with owners											
Realisation of revaluation reserve	-	-	-	(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	-	-	-	-	-	-	-	-	-	(350,226)	(350,226)
Acquisition of treasury shares	-	-	-	-	-	(728,685)	-	-	(728,685)	-	(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

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 2012

	2012 RM	2011 RM
OPERATING ACTIVITIES		
Profit before tax	107,168,733	96,640,249
Adjustments for:		
Depreciation of property, plant and equipment (Note 12)	22,977,760	21,813,596
Depreciation of investment properties (Note 13)	70,921	-
Provision for retirement benefits (Note 24(b))	1,112,660	744,484
Allowance for impairment on trade receivables	107,536	75,185
Write back of impairment on trade receivables	(68,544)	(74,098)
Share of results of associate and jointly controlled entity	(452,727)	(776,076)
Property, plant and equipment written off	-	842
Interest expense	896,965	1,573,072
Gross dividend income	(126,310)	(132,300)
Loss/(gain) on disposal of property, plant and equipment	31,905	(193,515)
Bad debts written off	79,877	83,793
Interest income	(1,552,970)	(394,800)
Write off/(write back) of inventories	61,015	(255,463)
Net unrealised loss/(gain) on foreign exchange	264,644	(189,435)
Total adjustments	23,402,732	22,275,285
Operating cash flows before changes in working capital	130,571,465	118,915,534
Changes in working capital		
Decrease/(increase) in inventories	6,721,356	(4,133,126)
Decrease/(increase) in development properties	15,559,424	(2,436,386)
Increase in receivables	(20,087,683)	(5,822,888)
Increase in payables	19,522,420	17,457,866
Total changes in working capital	21,715,517	5,065,466
Cash flows from operations	152,286,982	123,981,000
Income taxes paid	(22,233,123)	(12,879,764)
Income taxes refunded	700	99,151
Retirement benefits obligation paid (Note 24(a))	(621,851)	(258,867)
Net cash flows from operating activities	129,432,708	110,941,520

Continued

	2012 RM	2011 RM
INVESTING ACTIVITIES		
Investment in a jointly controlled entity	-	(22,500,000)
Acquisition of a subsidiary, net of cash and cash equivalents acquired (Note 15(a))	(66,468,838)	-
Payment for distribution of profit due to voluntary winding-up of a subsidiary	(175,496)	-
Purchase of additional shares in an existing subsidiary	(6,750,000)	(350,226)
Purchase of property, plant and equipment (Note 12)	(40,922,929)	(16,406,971)
Deposit paid for purchase of property, plant and equipment (Note 20)	-	(2,160,663)
Proceeds from disposal of plant and equipment	746,366	1,162,970
Net dividend received	171,310	177,300
Interest received	1,552,970	394,800
Net cash flows used in investing activities	(111,846,617)	(39,682,790)
FINANCING ACTIVITIES		
Acquisition of treasury shares	(584)	(728,685)
Dividends paid to:		
- shareholders of the Company	(27,955,225)	(30,130,469)
- non-controlling shareholders of subsidiaries	(1,037,500)	-
Net repayment of term loans	(6,837,500)	(21,548,832)
Net drawdown of short term borrowings	15,236,600	986,167
Interest paid	(1,422,615)	(2,245,042)
Net cash flows used in financing activities	(22,016,824)	(53,666,861)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,430,733)	17,591,869
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	40,765,337	23,173,468
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 22)	36,334,604	40,765,337

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 2012

	Note	2012 RM	2011 RM
Revenue	4	33,660,846	42,644,138
Other income		138,802	994,205
Administrative expenses		(16,702,788)	(15,066,607)
Operating profit		17,096,860	28,571,736
Finance costs	6	(15,850)	(36,017)
Profit before tax	7	17,081,010	28,535,719
Income tax expense	10	458	(15,093)
Net profit for the year, representing total comprehensive income for the year		17,081,468	28,520,626

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

Statement Of Financial Position

As at 31 July 2012

	Note	2012 RM	2011 RM
ASSETS			
Non-current assets			
Property, plant and equipment	12	6,491,213	6,597,455
Investment in subsidiaries	15	194,693,445	194,693,445
Investment in jointly controlled entity	16	22,500,000	22,500,000
Investment in associate	17	3,000,000	3,000,000
Other investments	18	4,827,728	4,827,728
		231,512,386	231,618,628
Current assets			
Trade and other receivables	20	18,518,938	36,580,768
Other current assets	21	53,982	118,293
Cash and bank balances	22	379,239	658,423
		18,952,159	37,357,484
TOTAL ASSETS		250,464,545	268,976,112
EQUITY AND LIABILITIES			
Current liabilities			
Retirement benefit obligations	24	43,439	38,767
Trade and other payables	25	27,734,663	35,655,492
		27,778,102	35,694,259
Net current (liabilities)/assets		(8,825,943)	1,663,225
Non-current liabilities			
Retirement benefit obligations	24	1,967,344	1,681,196
Deferred tax liabilities	27	1,186,281	1,193,498
		3,153,625	2,874,694
Total liabilities		30,931,727	38,568,953
Net assets		219,532,818	230,407,159
Equity attributable to owners of the parent			
Share capital	28	115,000,000	115,000,000
Reserves	29	104,532,818	115,407,159
Total equity		219,532,818	230,407,159
TOTAL EQUITY AND LIABILITIES		250,464,545	268,976,112

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 2012

		Reserves						
		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	Other reserves RM	Treasury shares (Note 28 (b)) RM	Retained earnings (Note 29 (d)) RM	Total equity RM
Opening balance at 1 August 2011	115,000,000	19,232,974	3,967,367	3,210,785	68,735	(21,810,189)	110,737,487	230,407,159
Total comprehensive income	-	-	-	-	-	-	17,081,468	17,081,468
Transactions with owners								
Acquisition of treasury shares	-	-	-	-	-	(584)	-	(584)
Dividends (Note 30)	-	-	-	-	-	-	(27,955,225)	(27,955,225)
Total transactions with owners	-	-	-	-	-	(584)	(27,955,225)	(27,955,809)
Closing balance at 31 July 2012	115,000,000	19,232,974	3,967,367	3,210,785	68,735	(21,810,773)	99,863,730	219,532,818
Opening balance at 1 August 2010	115,000,000	19,232,974	3,967,367	3,210,785	68,735	(21,081,504)	105,885,224	226,283,581
Total comprehensive income	-	-	-	-	-	-	28,520,626	28,520,626
Transactions with owners								
Acquisition of treasury shares	-	-	-	-	-	(728,685)	-	(728,685)
Dividends (Note 30)	-	-	-	-	-	-	(23,668,363)	(23,668,363)
Total transactions with owners	-	-	-	-	-	(728,685)	(23,668,363)	(24,397,048)
Closing balance at 31 July 2011	115,000,000	19,232,974	3,967,367	3,210,785	68,735	(21,810,189)	110,737,487	230,407,159

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 2012

	2012 RM	2011 RM
OPERATING ACTIVITIES		
Profit before tax	17,081,010	28,535,719
Adjustments for:		
Depreciation of property, plant and equipment (Note 12)	246,965	429,963
Property, plant and equipment written off	-	842
Provision for retirement benefits (Note 24(b))	290,820	284,296
Waiver of amount due to subsidiaries	-	(953,603)
Interest expense	15,850	36,017
Gross dividend income	(17,511,310)	(28,059,386)
Interest income	(138,802)	(40,602)
Total adjustments	(17,096,477)	(28,302,473)
Operating cash flows before changes in working capital	(15,467)	233,246
Changes in working capital		
Decrease in receivables	18,138,848	16,716,060
(Decrease)/increase in payables	(7,920,829)	8,728,429
Total changes in working capital	10,218,019	25,444,489
Cash flows from operations	10,202,552	25,677,735
Income taxes paid	(4,466)	(13,772)
Income taxes refunded	-	99,151
Retirement benefits obligation paid (Note 24(a))	-	(128,755)
Net cash flows from operating activities	10,198,086	25,634,359
INVESTING ACTIVITIES		
Acquisition of subsidiary	-	(2)
Investment in a jointly controlled entity	-	(22,500,000)
Purchase of property, plant and equipment (Note 12)	(140,723)	(53,108)
Net dividends received	17,496,310	28,044,386
Interest received	138,802	40,602
Net cash flows from investing activities	17,494,389	5,531,878
FINANCING ACTIVITIES		
Acquisition of treasury shares	(584)	(728,685)
Dividends paid	(27,955,225)	(30,130,469)
Interest paid	(15,850)	(36,017)
Net cash flows used in financing activities	(27,971,659)	(30,895,171)
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(279,184)	271,066
CASH AND BANK BALANCES AT BEGINNING OF YEAR	658,423	387,357
CASH AND BANK BALANCES AT END OF YEAR (NOTE 22)	379,239	658,423

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 2012

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office 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 2011 as described 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 2011, 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 2011 and 1 July 2011.

- Amendments to FRS 1: Limited Exemptions for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Improvements to FRS issued in 2010
- IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and the Company.

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
• Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
• Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
• Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
• FRS 124: Related Party Disclosures	1 January 2012
• Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
• FRS 10: Consolidated Financial Statements	1 January 2013
• FRS 11: Joint Arrangements	1 January 2013
• FRS 12: Disclosure of Interests in Other Entities	1 January 2013
• FRS 13: Fair Value Measurement	1 January 2013
• FRS 119: Employee Benefits	1 January 2013
• FRS 127: Separate Financial Statements	1 January 2013
• FRS 128: Investment in Associate and Joint Ventures	1 January 2013
• Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
• Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
• FRS 9: Financial Instruments	1 January 2015

Continued

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

2.3 Standards issued but not yet effective (cont'd)

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

Amendments to FRS 7: Transfer of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosures only and has no impact on the Group's financial position or performance.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

FRS 9: Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10: Consolidated financial statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 11: Joint Arrangements

FRS 11 replaces FRS 131: Interests in Joint Ventures and IC Interpretation 113: Jointly-controlled Entities – Non-monetary Contributions by Venturers.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will have no significant impact on the financial position or performance of the Group.

FRS 12: Disclosure of Interests in Other Entities

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

FRS 13: Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

FRS 127: Separate Financial Statements

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

Continued

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

2.3 Standards issued but not yet effective (cont'd)

FRS 128: Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 July 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

2.4 Basis of consolidation

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

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

Continued

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

2.4 Basis of consolidation (cont'd)

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(a). 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.

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.

Continued

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

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.

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 ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. 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 CGU and part of the operation within that CGU 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 CGU retained.

Continued

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

2.10 Intangible assets (cont'd)

(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 (i.e. CGU).

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

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

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

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

2.12 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.

Continued

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

2.12 Property, plant and equipment, and depreciation (cont'd)

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 revalution 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.

(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.

Continued

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

2.13 Foreign currency (cont'd)

(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.

The principal exchange rates used for each respective unit of foreign currencies ruling at the reporting date are as follows:

	2012 RM	2011 RM
United States Dollar	3.15	3.00
Japanese Yen	0.0400	0.0375

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.

(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.

Continued

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

2.14 Financial assets (cont'd)

(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.

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.

Continued

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

2.15 Impairment of financial assets (cont'd)

Trade and other receivables and other financial assets carried at amortised cost (cont'd)

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.

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.

Continued

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

2.18 Land held for property development and property development costs (cont'd)

(b) Property development costs (cont'd)

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.

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.

Continued

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

2.21 Financial liabilities (cont'd)

(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.

(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 statement of financial position represents the present value of the defined benefit obligations.

Continued

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

2.24 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25 (f).

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.

Continued

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

2.26 Income taxes (cont'd)

(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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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 statement 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.

Continued

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

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.

(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% (2011: 2%) variance in the Group's revenue and 2% (2011: 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 statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

Continued

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

3.2 Key sources of estimation uncertainty (cont'd)

(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 actuarists 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.

4. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sale of goods	636,511,174	585,208,506	-	-
Sale of properties	242,356,112	216,638,655	-	-
Gross dividends from:				
- Subsidiaries	-	-	17,325,000	27,867,086
- Associate	-	-	60,000	60,000
- Unquoted shares in Malaysia	-	9,900	-	9,900
- Unquoted shares outside Malaysia	126,310	122,400	126,310	122,400
Rental income	1,911,182	1,923,329	38,400	40,400
Project management income from subsidiaries	-	-	14,311,232	12,854,485
Technical assistance fees from subsidiary	-	-	1,229,904	1,029,867
Management fees from:				
- Subsidiaries	-	-	450,000	540,000
- Associate	120,000	120,000	120,000	120,000
	881,024,778	804,022,790	33,660,846	42,644,138

5. COST OF SALES

	Group	
	2012 RM	2011 RM
Property development costs (Note 14(b))	131,794,582	112,792,155
Cost of inventories sold	571,429,912	531,929,750
	703,224,494	644,721,905

Continued

6. FINANCE COSTS

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Interest expense on:				
Bank overdrafts	2,922	5,340	-	-
Term loans	529,652	1,194,943	-	-
Bankers' acceptance	56,447	344,241	-	-
Onshore foreign currency loan	556,503	114,555	-	-
Revolving credits	277,091	585,963	15,850	36,017
	1,422,615	2,245,042	15,850	36,017
Less: Amount capitalised in land held for property development (Note 14)	(525,650)	(671,970)	-	-
Total finance costs	896,965	1,573,072	15,850	36,017

7. PROFIT BEFORE TAX

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

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Employee benefits expense (Note 8)	56,529,125	53,832,035	13,197,937	11,677,755
Directors' fees	140,000	140,000	140,000	140,000
Auditors' remuneration				
- statutory audit	312,460	312,400	23,000	23,000
- other services	8,000	8,000	8,000	8,000
Depreciation of property, plant and equipment (Note 12)	22,977,760	21,813,596	246,965	429,963
Depreciation of investment properties (Note 13)	70,921	-	-	-
Property, plant and equipment written off	-	842	-	842
Write off/(write back) of inventories	61,015	(255,463)	-	-
Allowance for impairment on trade receivables (Note 20(a))	107,536	75,185	-	-
Write back of impairment on trade receivables (Note 20(a))	(68,544)	(74,098)	-	-
Bad debts written off	79,877	83,793	-	-
Rental of land and buildings	449,815	505,104	136,272	126,032
Rental of machinery, equipment and motor vehicles	601,268	382,828	-	-
Net unrealised loss/(gain) on foreign exchange	264,644	(189,435)	218,455	-
Net realised loss/(gain) on foreign exchange	1,186,239	(1,654,048)	(10,283)	-
Waiver of amount due to subsidiaries	-	-	-	(953,603)
Rental income	(1,147,200)	(478,400)	-	-
Interest income	(1,552,970)	(394,800)	(138,802)	(40,602)
Loss/(gain) on disposal of property, plant and equipment	31,905	(193,515)	-	-

Continued

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Wages, salaries and other emoluments	50,743,412	48,596,139	11,400,883	10,024,725
Contributions to defined contribution plan	4,186,524	4,089,875	1,479,087	1,342,845
Social security contributions	486,529	401,537	27,147	25,889
Increase in liability for defined benefit plan (Note 24(a))	1,112,660	744,484	290,820	284,296
	56,529,125	53,832,035	13,197,937	11,677,755

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM6,093,420 (2011: RM6,797,520), and RM1,442,000 (2011: RM1,575,000) respectively.

9. DIRECTORS' REMUNERATION

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive:				
Salaries and other emoluments	5,226,000	5,796,000	1,250,000	1,350,000
Fees	30,000	30,000	30,000	30,000
Defined contribution plan	867,420	1,001,520	192,000	225,000
	6,123,420	6,827,520	1,472,000	1,605,000
Non-Executive:				
Fees	110,000	110,000	110,000	110,000
Total	6,233,420	6,937,520	1,582,000	1,715,000

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	
	2012	2011
Executive directors:		
RM700,001 - RM750,000	1	-
RM750,001 - RM800,000	-	1
RM5,350,001 - RM5,400,000	1	-
RM6,000,001 - RM6,050,000	-	1
Non-executive directors:		
Below RM50,000	7	7

Continued

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 July 2012 and 2011 are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	20,126,945	16,617,026	16,892	25,013
- Foreign tax	1,157,186	1,011,176	-	-
- Overprovision in respect of previous years	(148,239)	(153,027)	(10,133)	(1,036)
	21,135,892	17,475,175	6,759	23,977
Deferred income tax (Note 27):				
- Origination and reversal of temporary differences	(1,693,837)	(998,858)	(7,299)	(4,472)
- (Over)/under provision in respect of previous years	(142,338)	45,513	82	(4,412)
	(1,836,175)	(953,345)	(7,217)	(8,884)
	19,299,717	16,521,830	(458)	15,093

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 2012 and 2011 are as follows:

	2012 RM	2011 RM
Group		
Profit before tax	107,168,733	96,640,249
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	26,792,183	24,160,062
Income not subject to taxation	(2,490,320)	(2,167,766)
Effect of different tax rates in other countries	(125,698)	(550,480)
Share of results of associate and jointly controlled entity	(113,182)	(194,019)
Non-deductible expenses	980,638	1,153,213
Utilisation of current year's reinvestment allowances	(2,999,945)	(3,028,872)
Utilisation of previously unrecognised capital allowances and other deductible temporary differences	(1,278,888)	(3,110,077)
Utilisation of previously unrecognised unabsorbed reinvestment allowances	(1,220,067)	(264,324)
Deferred tax assets not recognised	45,573	631,607
(Over)/under provision of deferred tax in respect of previous years	(142,338)	45,513
Overprovision of income tax in respect of previous years	(148,239)	(153,027)
	19,299,717	16,521,830

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.

Continued

10. INCOME TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting profit (cont'd)

	2012 RM	2011 RM
Company		
Profit before tax	17,081,010	28,535,719
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	4,270,253	7,133,930
Income not subject to taxation	(4,395,580)	(7,246,013)
Non-deductible expenses	133,384	367,131
Deferred tax assets not recognised	8,468	8,468
Utilisation of previously unrecognised deferred tax assets	(6,932)	(242,975)
Under/(over) provision of deferred tax in respect of previous years	82	(4,412)
Overprovision of income tax in respect of previous years	(10,133)	(1,036)
	(458)	15,093

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.

	2012	2011
Profit net of tax attributable to owners of the parent (RM)	83,916,876	77,245,764
Weighted average number of ordinary shares in issue *	215,040,266	215,198,048
Basic earnings per share (sen)	39	36

* 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 2012						
At 1 August 2011	96,458,697	275,639,820	19,748,066	3,468,546	2,931,398	398,246,527
Additions	13,391,338	21,945,136	2,023,534	606,358	2,956,563	40,922,929
Disposals	-	(2,271,971)	-	(65,563)	-	(2,337,534)
Transfer from capital work-in-progress	-	2,840,215	91,184	-	(2,931,399)	-
Exchange differences	488,890	958,928	12,994	20,041	-	1,480,853
At 31 July 2012	110,338,925	299,112,128	21,875,778	4,029,382	2,956,562	438,312,775
Accumulated depreciation and impairment loss						
At 1 August 2011	17,234,879	172,443,683	13,210,009	2,404,261	-	205,292,832
Charge for the year (Note 7)	1,793,679	19,337,971	1,464,455	381,655	-	22,977,760
Disposals	-	(1,493,700)	-	(65,563)	-	(1,559,263)
Exchange differences	165,808	556,370	11,216	12,374	-	745,768
At 31 July 2012	19,194,366	190,844,324	14,685,680	2,732,727	-	227,457,097
Net carrying amount						
At 31 July 2012	91,144,559	108,267,804	7,190,098	1,296,655	2,956,562	210,855,678
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	(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

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 (cont'd)						
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 FRS117	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	(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*

	Freehold land RM	Leasehold land RM	Buildings RM	Staff quarters and apartment RM	Total RM
	←	At valuation	→	At cost	
Group					
At 31 July 2012					
At 1 August 2011	271,115	40,449,847	54,731,373	1,006,362	96,458,697
Additions	-	12,406,867	984,471	-	13,391,338
Exchange differences	-	214,524	274,366	-	488,890
At 31 July 2012	271,115	53,071,238	55,990,210	1,006,362	110,338,925
Accumulated depreciation and impairment loss					
At 1 August 2011	-	5,047,782	12,004,418	182,679	17,234,879
Charge for the year	-	652,354	1,121,198	20,127	1,793,679
Exchange differences	-	49,172	116,636	-	165,808
At 31 July 2012	-	5,749,308	13,242,252	202,806	19,194,366
Net carrying amount					
At 31 July 2012	271,115	47,321,930	42,747,958	803,556	91,144,559

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 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
Disposal	-	(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	-	507,969	1,169,343	20,127	1,697,439
Disposal	-	(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)

	Leasehold land RM	Buildings RM	Staff quarters and apartment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
	◄ Valuation	►	◄	Cost	►	
Company						
At 31 July 2012						
At 1 August 2011	4,302,857	1,957,917	481,000	1,982,566	1,045,829	9,770,169
Additions	-	-	-	140,723	-	140,723
At 31 July 2012	4,302,857	1,957,917	481,000	2,123,289	1,045,829	9,910,892
Accumulated depreciation						
At 1 August 2011	448,212	391,583	96,200	1,197,122	1,039,597	3,172,714
Charge for the year (Note 7)	44,821	39,158	9,620	152,031	1,335	246,965
At 31 July 2012	493,033	430,741	105,820	1,349,153	1,040,932	3,419,679
Net carrying amount						
At 31 July 2012	3,809,824	1,527,176	375,180	774,136	4,897	6,491,213
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)

(a) 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Freehold land	198,038	198,038	-	-
Leasehold land and buildings	52,903,115	53,128,423	976,988	1,005,719
	53,101,153	53,326,461	976,988	1,005,719

13. INVESTMENT PROPERTIES

	Freehold land RM	Building RM	Total RM
Group			
At 1 August 2011	1,630,699	3,061,452	4,692,151
Charge during the year (Note 7)	-	(70,921)	(70,921)
At 31 July 2012	1,630,699	2,990,531	4,621,230
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 less accumulated depreciation and accumulated impairment losses. The fair value of the investment property is estimated to approximate its carrying value as at the reporting date.

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Freehold land RM	Leasehold land RM	Total RM
Group			
At 31 July 2012			
Cost			
At 1 August 2011	106,759,089	102,515,112	209,274,201
Acquisition of a subsidiary (Note 15(a))	72,183,584	-	72,183,584
Costs incurred during the year	7,980,284	11,736,811	19,717,095
Transfer to property development costs (Note 14(b))	(20,957,700)	(20,018,860)	(40,976,560)
At 31 July 2012	165,965,257	94,233,063	260,198,320
Carrying amount at 31 July 2012	165,965,257	94,233,063	260,198,320

Continued

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

(a) Land held for property development (cont'd)

	Freehold land RM	Leasehold land RM	Total RM
Group			
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

(b) Property development costs

	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Group				
At 31 July 2012				
Cumulative property development costs				
At 1 August 2011	23,219,470	22,317,012	107,817,765	153,354,247
Costs incurred during the year	-	-	101,137,132	101,137,132
Transfer from land held for property development (Note 14(a))	20,957,700	20,018,860	-	40,976,560
Reversal of completed projects	(13,684,898)	(5,185,441)	(66,684,485)	(85,554,824)
Unsold units transferred to inventories	(866,402)	(82,769)	(3,144,248)	(4,093,419)
At 31 July 2012	29,625,870	37,067,662	139,126,164	205,819,696
Cumulative costs recognised in profit or loss				
At 1 August 2011	(4,777,502)	(15,728,695)	(67,935,569)	(88,441,766)
Recognised during the year (Note 5)	(16,501,694)	(13,718,971)	(101,573,917)	(131,794,582)
Reversal of completed projects	13,684,898	5,185,441	66,684,485	85,554,824
At 31 July 2012	(7,594,298)	(24,262,225)	(102,825,001)	(134,681,524)
Property development costs at 31 July 2012	22,031,572	12,805,437	36,301,163	71,138,172

Continued

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

(b) Property development costs (cont'd)

	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Group (cont'd)				
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

The freehold and leasehold land under development with carrying value of RM93,078,000 (2011: RM20,895,000) 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 RM525,650 (2011: RM671,970).

Continued

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2012 RM	2011 RM
Unquoted shares at cost		
At beginning of year	194,693,445	294,836,141
Additions	-	2
Written off	-	(100,142,698)
At end of year	194,693,445	194,693,445
Accumulated impairment losses		
At beginning of year	-	100,142,698
Written off	-	(100,142,698)
At end of year	-	-
Net carrying amount as at end of year	194,693,445	194,693,445

Details of the subsidiaries are as follow:

Name of subsidiaries	Principal activities	Proportion of ownership interest 2012 %	2011 %
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 #	Dissolved	-	100.00
Scientex Polymer Sdn. Bhd. ("SPSB")	Investment holding	100.00	100.00
Scientex Solar Sdn. Bhd.	Dormant	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 2012 %	2011 %
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.	Dormant	100.00	100.00
Scientex Containers Sdn. Bhd. ^	Dormant	-	100.00
Scientex Resources 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
Subsidiaries of SQSB in Malaysia			
Scientex Heights Sdn. Bhd.	Property development	100.00	100.00
Scientex Metro Holdings Sdn. Bhd. #	Dissolved	-	95.00
Scientex Park (M) Sdn. Bhd. ("SPMSB") +	Property investment and development	72.00	60.00
Texland Sdn. Bhd.	Property investment and development	90.00	90.00
Scientex (Skudai) Sdn. Bhd.	Property development	100.00	100.00
Tropicana Holdings Sdn. Bhd. ("THSB") ++	Property investment and development	100.00	-
Subsidiary of SIGSB outside Malaysia			
Indonesia			
PT. Scientex Indonesia	Sales and marketing of laminating polyurethane adhesives	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 2012 %	2011 %
Subsidiary of SPFSB in Malaysia			
Pan Pacific Straptex 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

* *Audited by firms other than Ernst & Young.*
^ *The companies have been struck off pursuant to Section 308 of the Companies Act, 1965.*
# *The companies have been dissolved by way of members' voluntary winding-up pursuant to Section 272 of the Companies Act, 1965.*
\+ *SQSB acquired additional 12% equity interest in SPMSB for cash consideration of RM6,750,000.*
++ *SQSB acquired 100% equity interest in THSB for cash consideration of RM66,468,838.*

(a) Acquisition of subsidiary

During the financial year, SQSB, a wholly-owned subsidiary of the Company acquired 100% equity interest in THSB for a total cash consideration of RM66,468,838. As a result, THSB became a subsidiary of SQSB.

The acquired subsidiary has contributed the following results to the Group:

	2012 RM
Revenue	-
Net profit for the year	-

The assets and liabilities arising from the acquisition are as follows:

	Fair value RM	Carrying amount RM
Land held for property development (Note 14(a))	72,183,584	49,324,600
Other payables	(49,242,309)	(49,242,309)
Deferred tax liability (Note 27)	(5,714,746)	-
Net identifiable assets	17,226,529	82,291

Fair value of net identifiable assets	17,226,529
Goodwill on consolidation	-
Cost of business combination	17,226,529

The cash outflow on acquisition is as follows:

	RM
Purchase consideration satisfied by cash	17,226,529
Liabilities assumed on acquisition of subsidiary	49,242,309
Net cash outflow of the Group	66,468,838

Continued

16. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
In Malaysia:				
Unquoted shares, at cost	22,500,000	22,500,000	22,500,000	22,500,000
Share of post-acquisition reserves	(35,517)	(1,002)	-	-
	22,464,483	22,498,998	22,500,000	22,500,000
Share of post-acquisition reserves:				
At 1 August	(1,002)	-	-	-
Share of results	(34,515)	(1,002)	-	-
At 31 July	(35,517)	(1,002)	-	-

Details of the jointly controlled entity are as follow:

		Proportion of ownership interest	
Name of jointly controlled entity	**Principal activities**	**2012 %**	**2011 %**
Incorporated in Malaysia			
MCTI Scientex Solar Sdn. Bhd. ("MSS")	Manufacturing and distribution of ethylene-vinyl acetate encapsulating materials for photovoltaic solar modules	50.00	50.00

MSS has a financial year end of 30 June. For the purpose of applying the equity method of accounting, the unaudited financial statements of MSS as at 31 July 2012 have been used and appropriate adjustments have been made for the effect of significant transactions between 30 June 2012 and that of 31 July 2012.

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

	Group	
	2012 RM	2011 RM
Assets and liabilities		
Current assets	16,116,028	44,941,958
Non-current assets	70,184,240	634,485
Total assets	86,300,268	45,576,443
Current liabilities	(9,371,302)	(578,448)
Non-current liabilities	(32,000,000)	-
Total liabilities	(41,371,302)	(578,448)
Results		
Revenue	-	-
Loss for the year/period	(69,030)	(2,004)

Continued

17. INVESTMENT IN ASSOCIATE

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
In Malaysia:				
Unquoted shares, at cost	3,000,000	3,000,000	3,000,000	3,000,000
Share of post-acquisition reserves	7,055,992	6,613,750	-	-
	10,055,992	9,613,750	3,000,000	3,000,000
Share of post-acquisition reserves:				
At 1 August	6,613,750	5,881,672	-	-
Share of results	487,242	777,078	-	-
Dividend received	(45,000)	(45,000)	-	-
At 31 July	7,055,992	6,613,750	-	-

Details of the associate are as follow:

Name of associate	Principal activities	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %
Incorporated in Malaysia			
Cosmo Scientex (M) Sdn. Bhd.	Manufacturing and distribution of 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 2012 have been used and appropriate adjustments have been made for the effect of significant transactions between 31 December 2011 and that of 31 July 2012.

The summarised financial information of the associate is as follows:

	Group 2012 RM	Group 2011 RM
Assets and liabilities		
Current assets	45,754,712	42,214,010
Non-current assets	19,337,046	22,555,798
Total assets	65,091,758	64,769,808
Current liabilities	(27,539,727)	(27,108,336)
Non-current liabilities	(4,032,058)	(5,615,639)
Total liabilities	(31,571,785)	(32,723,975)
Results		
Revenue	121,649,099	102,870,782
Profit for the year	1,624,141	2,590,260

Continued

18. OTHER INVESTMENTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Available-for-sale financial assets				
Unquoted equity instruments outside Malaysia, 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

19. INVENTORIES

	Group	
	2012 RM	2011 RM
At cost		
Properties held for sale	15,749,380	22,282,806
Raw materials	27,007,082	29,503,519
Work-in-progress	4,681,052	3,378,963
Spare parts	189,737	319,111
Finished products	9,908,289	8,710,875
	57,535,540	64,195,274
At net realisable value		
Properties held for sale	2,833,426	2,833,426
Raw materials	456,118	571,599
Work-in-progress	-	12,177
Finished products	155,747	150,726
	3,445,291	3,567,928
	60,980,831	67,763,202

Continued

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade receivables				
Third parties	119,635,185	100,342,519	-	-
Associate	9,980	12,577	-	-
	119,645,165	100,355,096	-	-
Less: Allowance for impairment				
- Third parties	(938,482)	(902,204)	-	-
Trade receivables, net	118,706,683	99,452,892	-	-
Other receivables				
Amounts due from subsidiaries	-	-	18,469,834	36,528,977
Amounts due from associate and jointly controlled entity	186,003	138,223	7,031	6,643
Deposits	2,787,997	2,134,034	42,073	39,073
Deposit on purchase of property, plant and machinery	-	2,160,663	-	-
Sundry receivables	2,372,970	1,611,571	-	6,075
Other receivables, net	5,346,970	6,044,491	18,518,938	36,580,768
Total trade and other receivables	124,053,653	105,497,383	18,518,938	36,580,768
Add: Cash and bank balances (Note 22)	36,334,604	40,952,837	379,239	658,423
Total loans and receivables	160,388,257	146,450,220	18,898,177	37,239,191

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 120 days (2011: 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	
	2012 RM	2011 RM
Neither past due nor impaired	116,198,754	93,637,537
1 to 30 days past due not impaired	1,734,873	2,631,164
31 to 60 days past due not impaired	266,277	820,742
61 to 90 days past due not impaired	119,975	1,165,304
91 to 120 days past due not impaired	386,804	1,198,145
	2,507,929	5,815,355
Impaired	938,482	902,204
	119,645,165	100,355,096

Continued

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

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 RM2,507,929 (2011: RM5,815,355) that are past due at the reporting date but not impaired. These relate to creditworthy customers that the Group continues to trade actively with. Based on the past experience, the Board believes that no allowance for impairment is necessary in respect of these 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	
	2012 RM	**2011 RM**
Trade receivables-nominal amounts	938,482	902,204
Less: Allowance for impairment	(938,482)	(902,204)
	-	-
Movement in allowance accounts:		
At 1 August	902,204	1,213,749
Charge for the year (Note 7)	107,536	75,185
Written off during the year	(2,714)	(312,632)
Write back of impairment (Note 7)	(68,544)	(74,098)
At 31 July	938,482	902,204

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 RM9,612,176 (2011: RM9,070,547).

(b) Amounts due from subsidiaries, associate and jointly controlled entity

Amounts due from subsidiaries, associate and jointly controlled entity are unsecured, non-interest bearing and are repayable on demand.

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

(c) Other receivables

Deposit on purchase of property, plant and equipment

In the prior year, included in deposit on purchase of property, plant and equipment is an amount 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, Selangor. The above acquisition was completed on 9 September 2011.

Continued

21. OTHER CURRENT ASSETS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Prepaid operating expenses	3,243,254	1,825,051	35,542	112,217
Tax recoverable	59,261	54,867	18,440	6,076
	3,302,515	1,879,918	53,982	118,293

22. CASH AND BANK BALANCES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash at banks and on hand	13,104,508	8,211,371	108,482	108,423
Short term deposits with:				
- Licensed banks	5,739,349	-	-	-
- Other financial institutions	17,490,747	32,741,466	270,757	550,000
Cash and bank balances	36,334,604	40,952,837	379,239	658,423

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. Short term deposits with licensed banks for the Group include amounts deposited outside Malaysia with weighted average effective interest rates of 12% (2011: nil) and amounts deposited in Malaysia with weighted average effective interest rates of 2.96% (2011: nil) as at 31 July 2012.

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 institutions. The weighted average effective interest rates as at 31 July 2012 for the Group and the Company were 3.24% (2011: 3.01%) and 3.24% (2011: 3.11%) respectively.

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	36,334,604	40,952,837	379,239	658,423
Bank overdrafts (Note 23)	-	(187,500)	-	-
Cash and cash equivalents	36,334,604	40,765,337	379,239	658,423

Included in cash at banks of the Group are amounts of RM2,208,169 (2011: RM1,709,324) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Continued

23. LOANS AND BORROWINGS

	Group 2012 RM	Group 2011 RM
Current		
Unsecured:		
Bank overdrafts	-	187,500
Onshore foreign currency loan	45,721,429	30,484,829
Term loans	5,000,000	6,837,500
	50,721,429	37,509,829
Non-current		
Term loans, unsecured	5,000,000	10,000,000
Total loans and borrowings		
Bank overdrafts (Note 22)	-	187,500
Onshore foreign currency loan	45,721,429	30,484,829
Term loans	10,000,000	16,837,500
	55,721,429	47,509,829

The remaining maturities of the loans and borrowings as at 31 July 2012 are as follows:

	Group 2012 RM	Group 2011 RM
On demand or within one year	50,721,429	37,509,829
More than 1 year and less than 2 years	5,000,000	5,000,000
More than 2 years and less than 5 years	-	5,000,000
	55,721,429	47,509,829

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

	Group 2012 %	Group 2011 %
Bank overdrafts	-	2.98
Onshore foreign currency loan	1.15	1.01
Term loans	4.14	4.11

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 (2011: RM5,700,000);

(b) First party charge and third party second charge over leasehold vacant land with carrying value of RM15,195,000 (2011: RM15,195,000) of a subsidiary;

(c) First party charge over freehold vacant land with carrying value of RM72,183,000 (2011: nil) of a subsidiary; and

(d) Negative pledges on all the other assets held by 4 (2011: 4) subsidiaries and the Company. The carrying value of all the other assets held by the subsidiaries is RM414,786,679 (2011: RM416,340,079).

Continued

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Present value of unfunded defined benefit	7,948,969	7,458,160	2,010,783	1,719,963
Analysed as:				
Current:	266,613	361,376	43,439	38,767
Non-current:				
Later than 1 year but not later than 2 years	402,188	301,701	224,608	43,439
Later than 2 years	7,280,168	6,795,083	1,742,736	1,637,757
	7,682,356	7,096,784	1,967,344	1,681,196
	7,948,969	7,458,160	2,010,783	1,719,963

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At beginning of year	7,458,160	6,972,543	1,719,963	1,564,422
Current service cost (Note 8)	1,112,660	744,484	290,820	284,296
Paid during the year	(621,851)	(258,867)	-	(128,755)
At end of year	7,948,969	7,458,160	2,010,783	1,719,963

(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	
	2012 RM	2011 RM	2012 RM	2011 RM
Cost of sales	553,247	250,846	-	-
Administrative expenses	487,908	449,860	290,820	284,296
Selling and distribution expenses	71,505	43,778	-	-
	1,112,660	744,484	290,820	284,296

Continued

24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Actuarial assumptions

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

	Group		Company	
	2012 %	**2011 %**	**2012 %**	**2011 %**
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 actuarists.

Presented below is the historical information related to the present value of the retirement benefit obligation.

	2012 RM	**2011 RM**	**2010 RM**	**2009 RM**	**2008 RM**
Group					
Present value of the obligation	7,948,969	7,458,160	6,972,543	6,223,581	5,784,291
Company					
Present value of the obligation	2,010,783	1,719,963	1,564,422	1,192,330	1,110,322

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Trade payables				
Third parties	86,397,765	89,850,201	-	-
Associate	13,905,780	12,264,919	-	-
Amounts due to customers on contracts (Note 26)	3,917,616	3,714,990	-	-
	104,221,161	105,830,110	-	-
Other payables				
Amounts due to subsidiaries	-	-	24,483,038	33,321,784
Deposits	1,241,381	1,431,370	1,200	1,200
Accruals	16,859,089	19,063,092	3,009,318	2,322,411
Sundry payables	33,292,812	10,396,588	241,107	10,097
	51,393,282	30,891,050	27,734,663	35,655,492

Continued

25. TRADE AND OTHER PAYABLES (CONT'D)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Total trade and other payables	155,614,443	136,721,160	27,734,663	35,655,492
Add: Loans and borrowings (Note 23)	55,721,429	47,509,829	-	-
Less: Amounts due to customers on contracts (Note 26)	(3,917,616)	(3,714,990)	-	-
Total financial liabilities carried at amortised cost	207,418,256	180,515,999	27,734,663	35,655,492

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit terms granted to the Group range from 30 to 120 days (2011: 30 to 120 days).

(b) Amounts due to subsidiaries and associate

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 RM3,559,484 (2011: RM2,661,312).

26. AMOUNTS DUE TO CUSTOMERS ON CONTRACTS

	Group 2012 RM	Group 2011 RM
Construction contract costs incurred to date	40,995,708	41,171,404
Attributable profits	1,931,619	2,191,114
	42,927,327	43,362,518
Less: Progress billings	(46,844,943)	(47,077,508)
	(3,917,616)	(3,714,990)

Continued

27. DEFERRED TAX LIABILITIES

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At beginning of year	19,681,582	20,638,784	1,193,498	1,202,382
Acquisition of subsidiary (Note 15(a))	5,714,746	-	-	-
Recognised in profit or loss (Note 10)	(1,836,175)	(953,345)	(7,217)	(8,884)
Exchange differences	2,855	(3,857)	-	-
At end of year	23,563,008	19,681,582	1,186,281	1,193,498
Presented after appropriate offsetting as follows:				
Deferred tax assets	(19,439,884)	(19,270,093)	-	-
Deferred tax liabilities	43,002,892	38,951,675	1,186,281	1,193,498
	23,563,008	19,681,582	1,186,281	1,193,498

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 2011	20,065,361	18,822,106	64,208	38,951,675
Acquisition of subsidiary (Note 15(a))	-	5,714,746	-	5,714,746
Recognised in the profit or loss	601	(1,667,187)	-	(1,666,586)
Exchange differences	229	2,828	-	3,057
At 31 July 2012	20,066,191	22,872,493	64,208	43,002,892
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

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 2011	(13,169,445)	(3,883,925)	(2,216,723)	(19,270,093)
Recognised in the profit or loss	(188,518)	240,835	(221,906)	(169,589)
Exchange differences	-	-	(202)	(202)
At 31 July 2012	(13,357,963)	(3,643,090)	(2,438,831)	(19,439,884)
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)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM	Revaluation of land and building RM	Total RM
At 1 August 2011	49,284	1,144,214	1,193,498
Recognised in the profit or loss	8,720	(15,937)	(7,217)
At 31 July 2012	58,004	1,128,277	1,186,281
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

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unabsorbed tax losses	15,076,951	15,076,951	638,719	638,719
Unabsorbed capital allowances	2,809,390	9,052,216	1,004,419	1,856,547
Unabsorbed reinvestment allowances	1,370,025	6,250,293	-	-
Others	4,341,008	3,031,444	2,711,478	1,853,208
	23,597,374	33,410,904	4,354,616	4,348,474

Unrecognised tax losses

At the reporting date, the Group has tax losses of approximately RM15,076,951 (2011: RM15,076,951) 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 (2011: 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	
	2012	2011	2012 RM	2011 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 200 (2011: 363,200) 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 RM584 (2011: RM728,685) 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 (2011: 230,000,000) issued and fully paid ordinary shares as at 31 July 2012, 14,959,862 (2011: 14,959,662) are held as treasury shares by the Company. As at 31 July 2012, the number of outstanding ordinary shares in issue after the setoff is therefore 215,040,138 (2011: 215,040,338) 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 is able to distribute dividends out of its entire retained earnings as at 31 July 2012 under the single tier system.

Continued

30. DIVIDENDS

	Group and Company	
	2012 RM	2011 RM
Recognised during the financial year:		
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
Final dividend for 2011: 14% single tier dividend on 215,040,238 ordinary shares (7 sen per ordinary share)	15,052,817	-
Interim dividend for 2012: 12% single tier dividend on 215,040,138 ordinary shares (6 sen per ordinary share)	12,902,408	-
	27,955,225	23,668,363

	Group and Company	
	2012 RM	2011 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 2012: 16% single tier dividend on 215,040,138 ordinary shares (2011: 14% on 215,040,238 ordinary shares)	17,203,211	15,052,817

At the forthcoming Annual General Meeting ("AGM"), a single tier final dividend of 16% in respect of the financial year ended 31 July 2012 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 2013.

31. COMMITMENTS

Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2012 RM	2011 RM
Capital expenditure		
Approved and contracted for:		
Consideration for acquisition of property, plant and machinery	40,658,870	25,697,233
Deposit paid (Note 20)	-	(2,160,663)
Amount paid and transferred to plant and machinery	(2,342,119)	(1,762,539)
Amount to be settled upon completion of acquisition	38,316,751	21,774,031

Continued

32. FINANCIAL GUARANTEES

	Company	
	2012 RM	2011 RM
Unsecured		
Corporate guarantees for subsidiaries	55,721,429	45,672,329

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.

	2012 RM	2011 RM
Group		
Associate:		
- Sales (i)	(627,726)	(526,110)
- Purchase (ii)	44,769,992	42,227,353
- Management fees (iii)	(120,000)	(120,000)
- Rental income (iv)	(176,400)	(176,400)
Jointly controlled entity:		
- Rental income (iv)	(926,400)	(308,800)
Company		
Associate:		
- Management fees (iii)	(120,000)	(120,000)
- Rental income (iv)	(32,400)	(32,400)
- Dividend income	(60,000)	(60,000)
Subsidiaries:		
- Management fees (iii)	(450,000)	(540,000)
- Technical assistance fees (iii)	(1,229,904)	(1,029,867)
- Project management fees (iii)	(14,311,232)	(12,854,485)
- Dividend income	(17,325,000)	(27,867,086)
- Purchase of equity interest	-	2
- Waiver of debts	-	(953,603)

(i) The sales were made at arm's length pricing and has credit terms of 60 days (2011: 60 days).

(ii) The purchase of products from associate were made according to the published prices and conditions offered by the related party 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	
	2012 RM	2011 RM	2012 RM	2011 RM
Wages and salaries and other emoluments	10,475,280	11,005,880	4,851,000	5,025,000
Fees	30,000	30,000	30,000	30,000
Defined contribution plans	1,809,630	1,936,620	840,180	886,500
	12,314,910	12,972,500	5,721,180	5,941,500

Included in compensation of key management personnel of the Group and of the Company are directors' remuneration amounting to RM6,123,420 (2011: RM6,827,520) and RM1,472,000 (2011: RM1,605,000) 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 2012				
Revenue		636,511,175	244,513,603	881,024,778
Results				
Interest income		728,692	824,278	1,552,970
Interest expense		621,640	275,325	896,965
Depreciation of property, plant and equipment		22,087,962	889,798	22,977,760
Depreciation of investment properties		-	70,921	70,921
Share of results of associate and jointly controlled entity		452,727	-	452,727
Other non-cash expenses	(ii)	751,965	725,346	1,477,311
Segment profit	(i)	35,719,275	71,893,696	107,612,971
Assets				
Segment assets	(iii)	357,340,955	419,121,517	776,462,472
Investment in associate		10,055,992	-	10,055,992
Investment in jointly controlled entity		22,464,483	-	22,464,483
Income tax assets		40,821	18,440	59,261
Consolidated total assets				809,042,208

Continued

34. SEGMENTAL INFORMATION (CONT'D)

(a) Analysis by activity (cont'd)

	Note	Manufacturing RM	Property development RM	Consolidated RM
31 July 2012				
Liabilities				
Segment liabilities		155,530,173	63,754,668	219,284,841
Income tax payable		654,470	5,836,463	6,490,933
Deferred tax liabilities		2,868,711	20,694,297	23,563,008
Consolidated total liabilities				249,338,782

	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 of property, plant and equipment		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
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

Continued

34. SEGMENTAL INFORMATION (CONT'D)

(a) Analysis by activity (cont'd)

Notes

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

	2012 RM	2011 RM
Share of results of associate and jointly controlled entity	452,727	776,076
Finance costs (Note 6)	(896,965)	(1,573,072)
	(444,238)	(796,996)

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

	2012 RM	2011 RM
Provision for retirement benefit	1,112,660	744,484
Allowance for impairment on trade receivables	107,536	75,185
Write off/(write back) of inventories	61,015	(255,463)
Write back of impairment on trade receivables	(68,544)	(74,098)
Net unrealised loss/(gain) on foreign exchange	264,644	(189,435)
	1,477,311	300,673

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

	Manufacturing RM	Property development RM	Consolidated RM
2012			
Property, plant and equipment	38,846,051	2,076,878	40,922,929
Land held for property development	-	72,183,584	72,183,584
	38,846,051	74,260,462	113,106,513
2011			
Property, plant and equipment	15,479,909	927,062	16,406,971

Continued

34. SEGMENTAL INFORMATION (CONT'D)

(b) Geographical information

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

	Revenue		Non-current assets	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	358,009,818	348,666,476	498,238,386	428,595,070
Japan	296,951,077	261,597,813	-	-
Australia	49,803,959	47,132,477	-	-
Indonesia	55,512,170	39,119,665	61,631	64,399
Korea	44,091,712	29,163,777	-	-
The Socialist Republic of Vietnam	693,934	387,307	14,932,416	15,410,056
Others	75,962,108	77,955,275	-	-
Consolidated	881,024,778	804,022,790	513,232,433	444,069,525

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

	2012 RM	2011 RM
Property, plant and equipment	210,855,678	192,953,695
Land held for property development	260,198,320	209,274,201
Investment properties	4,621,230	4,692,151
Investment in jointly controlled entity	22,464,483	22,498,998
Investment in associate	10,055,992	9,613,750
Other investments	5,036,730	5,036,730
	513,232,433	444,069,525

Revenue from one major customer amount to RM251,749,030 (2011: RM236,145,269), 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 of this investment in the foreseeable future.

Continued

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

	Note
Trade and other receivables	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.

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 are placed with or entered into with reputable financial institutions, and no history of default.

Continued

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

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

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

	On demand or within one year RM	One to five years RM	Total RM
2012			
Financial liabilities:			
Group			
Trade and other payables	155,614,443	-	155,614,443
Loans and borrowings	50,721,429	5,000,000	55,721,429
Total undiscounted financial liabilities	206,335,872	5,000,000	211,335,872
Company			
Trade and other payables, representing total undiscounted financial liabilities	27,734,663	-	27,734,663
2011			
Financial liabilities:			
Group			
Trade and other payables	136,721,160	-	136,721,160
Loans and borrowings	37,509,829	10,000,000	47,509,829
Total undiscounted financial liabilities	174,230,989	10,000,000	184,230,989
Company			
Trade and other payables, representing total undiscounted financial liabilities	35,655,492	-	35,655,492

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 RM59,326 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 the 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 59% (2011: 57%) of the Group's sales are denominated in foreign currencies whilst approximately 60% (2011: 59%) 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 36% and 46% (2011: 26% and 50%) 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 2012 RM Net profit
USD/RM	- strengthened 3%	2,946,354
	- weakened 3%	(2,946,354)
Yen/RM	- strengthened 3%	477,041
	- weakened 3%	(477,041)

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 2012 and 31 July 2011.

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 2012, the Group have sufficient current assets to settle the current liabilities in full.

	Group	
	2012 RM	**2011 RM**
Loans and borrowings (Note 23)	55,721,429	47,509,829
Less: Cash and bank balances (Note 22)	(36,334,604)	(40,952,837)
Net debt	19,386,825	6,556,992
Equity attributable to the owners of the parent	525,715,154	467,343,798
Capital and net debt	545,101,979	473,900,790
Net gearing ratio	0.04	0.01

38. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

On 3 October 2012, a subsidiary of the Company, SPFSB entered into a conditional share sale agreement with GW Plastics Holdings Berhad for the proposed acquisition of the entire issued and paid-up share capital of Great Wall Plastic Industries Berhad and GW Packaging Sdn Bhd for a total cash consideration of RM283.2 million. The proposed acquisition is pending fulfilment of relevant approvals and conditions precedent and is expected to be completed by the first quarter of 2013.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 July 2012 were authorised for issue in accordance with a resolution of directors on 23 October 2012.

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 2012 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		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Total retained earnings of the Company and its subsidiaries				
- Realised	467,578,979	401,947,740	100,140,189	110,786,771
- Unrealised	(955,160)	(516,916)	(276,459)	(49,284)
	466,623,819	401,430,824	99,863,730	110,737,487
Total share of retained earnings from associate and jointly controlled entity				
- Realised	7,386,342	6,891,190	-	-
- Unrealised	(365,867)	(278,442)	-	-
	7,020,475	6,612,748	-	-
Less: Consolidation adjustments	(103,407,952)	(97,519,038)	-	-
Total retained earnings	370,236,342	310,524,534	99,863,730	110,737,487

List Of Properties Held By The Group

as at 31 July 2012

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*
Geran 237417 Lot 812 Mukim Senai District of Kulaijaya Johor	Land for future mixed development	Freehold	10,928,060	-	72,361	-	2012
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	4,419,598	-	53,694	-	2010
Taman Scientex - various sub-divided lots in Mukim of Plentong District of Johor Bahru Johor	Land for on-going mixed development project	Freehold	4,127,671	-	35,623	-	1993
6 parcels of land in Taman Scientex Mukim of Plentong District of Johor Bahru Johor	Land for future mixed development	Freehold	3,927,646	-	31,885	-	2004*
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	3,224,277	-	26,104	-	2009
H.S. (D) 180797 PTD 8006 Mukim of Sedenak District of Johor Bahru Johor	Land for future mixed development	Freehold	8,309,144	-	24,951	-	2007
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	24,264	9 - 11	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	24,095	22 - 42	2011*
H.S. (D) 135841 P.T. No. 129324 Mukim and District of Klang Selangor Darul Ehsan	Land for industrial use	Leasehold for 99 years expiring on 24.02.2097	546,242	-	12,275	-	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	-	11,429	-	2005

Analysis Of Shareholdings

As at 25 October 2012

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	-	4,368

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings	%
Less than 100	468	10.71	14,453	0.01
100 - 1,000	538	12.32	430,975	0.20
1,001 - 10,000	2,466	56.46	10,427,476	4.85
10,001 - 100,000	739	16.92	21,652,391	10.07
100,001 to less than 5% of issued shares	153	3.50	92,018,836	42.79
5% and above of issued shares	4	0.09	90,496,007	42.08
Total	**4,368**	**100.00**	**215,040,138 ***	**100.00**

Notes:-

* *Excluding a total of 14,959,862 shares bought back by the Company and retained as treasury shares.*

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

		No. of Shares Held			
	Name	Direct	%	Indirect	%
1	Lim Teck Meng	84,100	0.04	103,108,952 [A]	47.95
2	Lim Peng Jin	1,178,470	0.55	106,813,549 [B]	49.67
3	Lim Peng Cheong	900,800 [C]	0.42	101,352,759 [D]	47.13
4	Scientex Holdings Sdn Berhad	41,103,554	19.11	-	-
5	Scientex Leasing Sdn Bhd	23,281,152	10.83	-	-
6	Lim Teck Meng Sdn Bhd	17,850,702 [C]	8.30	-	-
7	Sim Swee Tin Sdn Bhd	12,260,599	5.70	-	-

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, 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, Progress Innovations Sdn Bhd, Scientex Leasing Sdn Bhd and Sim Swee Tin Sdn Bhd.*

[C] *Include shareholdings held through nominee company(ies).*

[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, Paradox Corporation Sdn Bhd, Scientex Leasing Sdn Bhd, Sim Swee Tin Sdn Bhd and Capital Response Sdn Bhd.*

DIRECTORS' SHAREHOLDINGS IN THE COMPANY (as per Register of Directors' Shareholdings)

	No. of Shares Held			
Name	Direct	%	Indirect	%
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	76,940	0.04	120,000 [a]	0.06
Lim Teck Meng	84,100	0.04	103,169,012 [b]	47.98
Lim Peng Jin	1,178,470	0.55	106,828,849 [c]	49.68
Lim Peng Cheong	900,800 [d]	0.42	102,264,819 [e]	47.56
Wong Mook Weng @ Wong Tsap Loy	1,590,924 [d]	0.74	695,768 [f]	0.32
Teow Her Kok @ Chang Choo Chau	220,000	0.10	-	-

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.

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

Continued

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, 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, 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, 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	41,103,554	19.11
2	Scientex Leasing Sdn Bhd	23,281,152	10.83
3	Lim Teck Meng Sdn Bhd	13,850,702	6.44
4	Sim Swee Tin Sdn Bhd	12,260,599	5.70
5	Progress Innovations Sdn Bhd	6,088,600	2.83
6	Ardent Synergy Sdn Bhd	5,901,280	2.74
7	Lembaga Kemajuan Tanah Persekutuan	5,000,000	2.33
8	UOBM Nominees (Tempatan) Sdn Bhd *- A/C Malacca Securities Sdn Bhd*	4,400,000	2.05
9	Ang Teow Cheng @ Sons Sdn Bhd	4,300,000	2.00
10	Malaysia Nominees (Tempatan) Sendirian Berhad *- A/C Malacca Securities Sdn Bhd*	4,000,000	1.86
11	UOBM Nominees (Tempatan) Sdn Bhd *- A/C Lim Teck Meng Sdn Bhd*	4,000,000	1.86
12	Teck Realty Sdn Bhd	3,686,214	1.71
13	Progress Innovations Sdn Bhd	3,206,100	1.49
14	HLB Nominees (Tempatan) Sdn Bhd *- A/C Paradox Corporation Sdn Bhd*	2,256,506	1.05
15	Ang Teow Cheng	2,000,000	0.93
16	Saw Soon Lin	1,833,858	0.85
17	Ang Seng Chin	1,500,000	0.70
18	Malacca Equity Nominees (Tempatan) Sdn Bhd *- A/C Koay Teik Chuan*	1,245,800	0.58
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	Siow Mon Mee	942,500	0.44
24	TM Lim Sdn Bhd	900,000	0.42
25	Cartaban Nominees (Tempatan) Sdn Bhd *- Axa Affin General Insurance Berhad*	900,000	0.42
26	Yong Sook Lan	899,060	0.42
27	Loh Hoay Chye & Sons Sdn Bhd	884,700	0.41
28	HLB Nominees (Tempatan) Sdn Bhd *- A/C Capital Response Sdn Bhd*	880,000	0.41
29	Koay Teik Chuan	863,600	0.40
30	Bestex Holding Sdn Bhd	830,676	0.39
	Total	**151,749,675**	**70.57**

Notes:-

* *Excluding a total of 14,959,862 shares bought back by the Company and retained as treasury shares.*

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Fourth 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 **Wednesday, 19 December 2012** at **11.00 a.m.** for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2012 together with the Reports of the Directors and Auditors thereon. ***(Resolution 1)***

2. To declare a single tier final dividend of 16% in respect of the financial year ended 31 July 2012. ***(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 Cheong ***(Resolution 3)***

   (b) Y.Bhg. Dato' Hazimah Binti Zainuddin ***(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 2012. ***(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 2012, the audited retained profit and share premium account of the Company were RM99,863,730 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 31 January 2013 to shareholders whose names appeared in the Record of Depositors on 14 January 2013.

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 10 January 2013 in respect of shares exempted from mandatory deposit;

(b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 14 January 2013 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
27 November 2012

Continued

Notes:-

1. *A member entitled to attend and vote at the meeting is entitled to appoint at least one proxy to attend and vote in his stead and where a member appoints two or more proxies, he shall specific the proportion of his shareholdings to be represented by each proxy. 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. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

3. *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.*

4. *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.*

5. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 13 December 2012 shall be regarded as a member and entitled to attend, speak and vote at the meeting or appoint proxy to attend and/or vote on his/her behalf.*

6. *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 empower 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, without having to convene a general meeting. 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 2011 and which will lapse at the conclusion of the Forty-Fourth Annual General Meeting.

   This is a renewal of general mandate, if approved, will provide flexibility to the Company to avoid any delay and cost in convening a general meeting for such issuance of shares for any possible fund raising exercise(s), including but not limited to placing of shares for the purpose of funding future investment project(s), working capital and/or acquisition(s) and/or for any strategic reasons.

   (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 27 November 2012 which is dispatched together with the Company's Annual Report 2012.

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-Fourth Annual General Meeting of the Company.

FORM OF PROXY

SCIENTEX

healthy, friendly & happy ...

SCIENTEX BERHAD

(Company No. 7867-P)
(Incorporated in Malaysia)

I/We ______________________________ I.C. No./Passport No./Company No. ______________

of ____

being a member/members of SCIENTEX BERHAD hereby appoint ______________________________

I.C. No./Passport No. ____________________ of ______________________________

____

and/or failing him/her, ______________________________ I.C. No./Passport 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-Fourth 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 **Wednesday, 19 December 2012** 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 2012 together with the Reports of the Directors and Auditors thereon		
2.	To approve the declaration of a single tier final dividend of 16%		
3.	To re-elect Mr Lim Peng Cheong as Director of the Company		
4.	To re-elect Y.Bhg. Dato' Hazimah Binti Zainuddin 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 ________________ 2012.

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

____
Signature of Member(s)

Notes:-

1. *A member entitled to attend and vote at the meeting is entitled to appoint at least one proxy to attend and vote in his stead and where a member appoints two or more proxies, he shall specific the proportion of his shareholdings to be represented by each proxy. 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. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
3. *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.*
4. *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.*
5. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 13 December 2012 shall be regarded as a member and entitled to attend, speak and vote at the meeting or appoint proxy to attend and/or vote on his/her behalf.*

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COMPANY SECRETARY

SCIENTEX BERHAD (7867-P)

Jalan Utas 15/7

40000 Shah Alam

Selangor Darul Ehsan

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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
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