SYF RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements.

The Company is a public limited liability company, incorporated in Malaysia under the Companies Act, 1965 and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Kawasan Perindustrian Sungai Lalang, Lot 971, Jalan Vill, Mukim Semenyih, Jalan Sungai Lalang, 43500 Semenyih, Selangor Darul Ehsan.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

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

On 27 May 2010, the Company announced that it had become an affected listed issuer pursuant to PN 1 of the Main Market Listing Requirements of Bursa Securities upon the Company's default on its repayment of loan interest to certain financiers.

As disclosed in Note 33(a) to the financial statements, on 17 December 2010, the Company made an announcement that under the mediation of the CDRC, a DRA had been executed with its subsidiary companies, namely Seng Yip Furniture Sdn. Bhd., Tomisho Sdn. Bhd., SYF Trading Sdn. Bhd., SYF Development Sdn. Bhd. (formerly known as Twenty-One SJ Sdn. Bhd.) and the unsecured financial lenders to implement a proposed restructuring scheme involving the following:

(1) proposed capital reduction of its issued and paid-up share capital involving the cancellation of RM0.75 of the par value of each existing ordinary share of RM1.00 each;

(2) proposed amendment to Memorandum of Association;

(3) proposed settlement of debt owing, by way of part cash payment and the issuance of 102,717,300 RCSLS to unsecured financial institution creditors; and

(4) proposed renounceable rights issue of up to 121,640,303 new ordinary shares of RM0.25 each at an issue price of RM0.25 per Rights Share on the basis of one Rights Share for every one ordinary share of RM0.25 each.

The above proposals were completed as follows:

(1) the share capital reduction was effected on 27 July 2011;

(2) the amendment to Memorandum of Association was completed on 27 July 2011 to facilitate the change in the par value of the ordinary shares from RM1.00 each to RM0.25 each and the number of ordinary shares in the authorised share capital as a result of the change on the par value pursuant to the capital reduction;

(3) the settlement of debt was completed on 25 October 2011 upon the listing of the RCSLS and the cash payment to the unsecred financial lenders; and

(4) the rights issue was completed with the listing of the 84,069,603 Rights Shares on 25 October 2011.

With the completion of the above proposed restructuring scheme, the Company was uplifted from PN 1 status effective 25 October 2011.

(b) Significant accounting policies

During the financial year, the Group and the Company have adopted the following applicable new Financial Reporting Standards ("FRSs"), revised FRSs, Issues Committee ("IC") Interpretations and amendments to FRSs, issued by the Malaysian Accounting Standards Board that are mandatory for current financial year:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based Payment-Vesting Conditions and Cancellations
Amendments to FRS 117	Leases
Amendments to FRS 132	Financial Instruments: Presentation
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to FRS 1, First-time Adoption Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives

Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"

Amendments to FRS 132	Financial Instruments: Presentation

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated & Separate Financial Statement (revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The new FRSs, revised FRSs, IC Interpretations and amendments to FRSs are either not applicable to the Group and to the Company or the adoptions did not result in significant changes in accounting policies of the Group and of the Company and did not have significant impact on the Group and on the Company.

The Group and the Company have not early adopted the following revised FRSs, IC Interpretations and amendments to FRSs, which have been issued as at the date of authorisation of this financial statements and will be effective for the financial periods as stated below:

		Effective date for financial periods beginning on or after
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
Amendment to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the documents entitled "Improvements to FRSs (2010)"		1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15	Agreements for Construction of Real Estate	1 January 2012
FRS 124	Related Party Disclosures (revised)	1 January 2012

The initial applications of the above applicable new FRSs, revised FRSs, IC Interpretations and amendments to FRSs is not expected to have any material impact on the financial statements of the Group and of the Company, except as discussed below:

(i) FRS 7 Financial Instruments: Disclosures

This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel.

(ii) FRS 123 Borrowing Costs

This new standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

(iii) Amendments to FRS 117: Leases

Amendments to FRS 117 sets out the new requirement where leasehold land which is in substance a finance lease will be reclassified to property, plant and equipment. The Group has reassessed and determined that all leasehold land of the Group are in substance finance leases and accordingly, has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The following comparative figures have been restated following the adoption of the amendments to FRS 117:

	As at 31 July 2010	
	As restated	As previously stated
	RM'000	RM'000
Carrying amount		
Property, plant and equipment	104,459	102,150
Prepaid lease payment	-	2,309

(iv) FRS 139 Financial Instruments: Recognition and Measurement

This new standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions provided under paragraph 103AB of FRS 139.

(v) FRS 101 Presentation of financial statements (revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line.

The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit and loss, together with all other items of recognised income and expense directly in equity, either in one single statement, or on two linked statements. The Group and the Company have elected to present this statement as one single statement. There is no impact on profits for the financial year since these changes affect only the presentation of items of income and expenses.

(vi) FRS 127 Consolidated and Separate Financial Statements

This Standard supersedes the existing FRS 127 and replaces the current term "minority interest" with a new term "non-controlling interest" which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the entity loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be remeasured at its fair value at the date when control is lost.

The Group and the Company have applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group and of the Company.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Depreciation of property, plant and equipment

The costs of property, plant and equipment of the Group are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years as stated in Note 2(e)(iii). These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could have impact on the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment as at 31 July 2011 is disclosed in Note 3 to the financial statements.

(ii) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy stated in Note 2(g). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Estimation of fair value of properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; or

(b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

(iv) Impairment of financial assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial assets is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of 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 and of the Company's loans and receivables as at 31 July 2011 is disclosed in Notes 7 and 8 to the financial statements.

(v) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will have impact on the income tax and deferred tax provisions in the period in which such determination is made.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies from the date that control effectively commences until the date that control effectively ceases through equity accounting which are made up to the end of the financial year.

(i) Subsidiary companies

Subsidiary companies are those companies in which the Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. 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.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill which were not previously recognised in the statements of comprehensive income.

(ii) Non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the statements of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company owner’s ownership interest in 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 interest 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 Company.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statements of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognised in the statements of comprehensive income on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Leasehold improvement	10 years
Office equipment, furniture and fittings	5 to 20 years
Renovation and electrical upgrade	5 to 50 years
Tools and machinery	10 to 12.5 years
Motor vehicles	5 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each financial year end.

Upon disposal of an asset, the difference between the net disposal proceeds and the carrying amount of the assets is charged or credited to the statements of comprehensive income. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

(f) Land and property development costs

(i) Land held for property development

Land held for property development consists of land held for future development activities where no significant development has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(i).

Land held for property development is reclassified as current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of the reporting period and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(ii) 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.

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are expected to commence within the period of twelve months after the end of the reporting period or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of the reporting period or where the activities are expected to be completed within the normal operating cycle.

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the statements of comprehensive income by using the stage of completion. 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.

When 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 units 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 shall be recognised as an expense immediately.

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

When the revenue recognised in the statements of comprehensive income exceeds billings to purchasers, the balance is shown as accrued billings under current assets. When the billings to purchasers exceed the revenue recognised in the statements of comprehensive income, the balance is shown as progress billings under current liabilities.

(g) Goodwill arising on consolidation

Goodwill arising on consolidation represents the difference between the costs of the acquisition over the fair value of the net identifiable assets of subsidiary companies acquired at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statements of comprehensive income.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is no longer amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired, in accordance with Note 2(i).

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damage, obsolete or slow-moving inventories.

The cost of inventories is based on the first-in first-out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress, manufactured inventories and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Impairment of non-financial assets

The carrying amounts of assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statements of comprehensive income in the period in which it arises.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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.

An impairment loss for an asset is reversed if, and 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. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(j) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company becomes 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 determines 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.

(i) 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 are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) 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 end of the reporting period which are classified as non-current.

(iii) 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 end of the reporting period which are classified as current.

(iv) Available-for-sale financial assets

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

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

Investment 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 end of the reporting period.

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

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

(k) Impairment of financial assets

The Group assess at the end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(i) 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 consider factors such as the probability of insolvency or significant financial difficulties of the receivable 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 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 defaults on receivables.

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

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

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

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

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

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

(l) 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 on 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 and the category includes the following:

(i) 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.

(ii) 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.

Payables 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 end of the reporting period.

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 end of the reporting period.

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.

(m) Hire purchase

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are treated as operating leases.

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as liabilities. In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the Group’s incremental borrowing rate is used.

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase commitments and the fair value of the assets acquired, are recognised as an expense in the statements of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for assets acquired under hire purchase is consistent with that for depreciable property, plant and equipment which are owned.

Lease rental under operating lease is charged to the statements of comprehensive income on a straight line basis over the term of the relevant lease.

(n) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current asset is measured in accordance with FRS 5, Non-current Assets held for Sale and Discontinued Operations, which is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or is a subsidiary or associated company acquired exclusively with a view to resale.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts 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. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits, sinking funds account and cash collateral account pledged to secure banking facilities, if any.

(p) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as deduction from share premium, otherwise, it is charged to the statements of comprehensive income.

When shares are repurchased, the amount of consideration paid, including directly attributable costs, is measured at cost and set off against equity. Shares repurchased and not cancelled are classified as treasury shares. Where treasury shares are reissued by re-sale in the open market, the difference between the sale consideration and the carrying amount is recognised in equity.

Dividends on ordinary shares, when declared or proposed by the Director of the Company are disclosed in the notes to the financial statements. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as an appropriation of retained profit in the financial year in which the dividends are paid.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the borrowings are made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawndown from that borrowing facility.

When the borrowings are made generally, and used for the purpose of obtaining a qualifying asset, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the financial year.

All other borrowing costs are recognised as an expense in the statements of comprehensive income in the period in which they are incurred.

(r) Provision for liabilities

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

(s) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using historical rate as at the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

(t) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Goods sold and services rendered

Revenue from sales of goods and services measured at the fair value of the consideration receivable and is recognised when significant risk and rewards have been transferred to the buyer, if any, or upon performance of services, net of sales taxes and discounts.

(ii) Dividend income

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

(iii) Rental income/interest income

Rental income/interest income is recognised as it accrues unless ability to collect is in doubt.

(u) Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the statements of financial position.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an assets or liabilities in the statements of financial position and its tax base at the end of the reporting period. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the statements of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(v) Earnings per share

The Group presents basis and diluted earnings per share (“EPS”) data for its ordinary shares. Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(w) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the statements of cmprehensive income in the period to which they relate.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, Plant and Equipment

	At Valuation		At Cost							
	Freehold land RM'000	Freehold buildings RM'000	Freehold land RM'000	Freehold buildings RM'000	Leasehold land and building RM'000	Office equipment, furniture and fittings RM'000	Renovation and electrical upgrade RM'000	Tools and machinery RM'000	Motor vehicles RM'000	Total RM'000
2011										
Group										
Cost/Valuation										
At 1 August 2010										
- As previously restated	22,039	27,661	790	33,552	1,587	6,310	572	52,199	2,227	146,937
- Effect of adopting Amendments to FRS 117	-	-	-	-	2,389	-	-	-	-	2,389
- As restated	22,039	27,661	790	33,552	3,976	6,310	572	52,199	2,227	149,326
Additions	-	35	-	50	278	63	-	2,224	726	3,376
Disposals	(230)	-	-	-	-	(10)	(112)	(3,493)	(351)	(4,196)
At 31 July 2011	21,809	27,696	790	33,602	4,254	6,363	460	50,930	2,602	148,506

3. Property, Plant and Equipment (Cont'd)

	At Valuation		At Cost							
	Freehold land RM'000	**Freehold buildings** RM'000	**Freehold land** RM'000	**Freehold buildings** RM'000	**Leasehold land and building** RM'000	**Office equipment, furniture and fittings** RM'000	**Renovation and electrical upgrade** RM'000	**Tools and machinery** RM'000	**Motor vehicles** RM'000	**Total** RM'000
2011										
Accumulated depreciation										
At 1 August 2010										
- As previously restated	-	3,278	-	3,565	69	4,604	104	27,994	1,931	41,545
- Effect of adopting Amendments to FRS 117	-	-	-	-	80	-	-	-	-	80
- As restated	-	3,278	-	3,565	149	4,604	104	27,994	1,931	41,625
Charge for the financial year	-	429	-	596	62	242	18	3,981	178	5,506
Disposals	-	-	-	-	-	(3)	(45)	(2,226)	(351)	(2,625)
At 31 July 2011	-	3,707	-	4,161	211	4,843	77	29,749	1,758	44,506
Accumulated impairment losses										
At 1 August 2010/ 31 July 2011	898	844	-	-	-	-	-	1,500	-	3,242
Carrying amount										
At 31 July 2011	20,911	23,145	790	29,441	4,043	1,520	383	19,681	844	100,758

3. Property, Plant and Equipment (Cont'd)

	Note	At Valuation		At Cost							
		Freehold land	**Freehold buildings**	**Freehold land**	**Freehold buildings**	**Leasehold land and building**	**Office equipment, furniture and fittings**	**Renovation and electrical upgrade**	**Tools and machinery**	**Motor vehicles**	**Total**
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2010											
Group											
Cost/Valuation											
At 1 August 2009											
- As previously restated		22,039	27,596	790	33,021	1,996	6,975	1,230	51,197	3,033	147,877
- Effect of adopting Amendments to FRS 117		-	-	-	-	2,389	-	-	-	-	2,389
- As restated		22,039	27,596	790	33,021	4,385	6,975	1,230	51,197	3,033	150,266
Additions		-	65	-	531	-	33	-	1,306	10	1,945
Disposals		-	-	-	-	-	(1)	-	(304)	(110)	(415)
Written off		-	-	-	-	-	(377)	(569)	-	-	(946)
Disposal of subsidiary companies	4(c)	-	-	-	-	(409)	(320)	(89)	-	(706)	(1,524)
At 31 July 2010		22,039	27,661	790	33,552	3,976	6,310	572	52,199	2,227	149,326

3. Property, Plant and Equipment (Cont'd)

		At Valuation		At Cost							
	Note	**Freehold land** RM'000	**Freehold buildings** RM'000	**Freehold land** RM'000	**Freehold buildings** RM'000	**Leasehold land and building** RM'000	**Office equipment, furniture and fittings** RM'000	**Renovation and electrical upgrade** RM'000	**Tools and machinery** RM'000	**Motor vehicles** RM'000	**Total** RM'000
2010											
Accumulated depreciation											
At 1 August 2009											
- As previously restated		-	2,665	-	2,873	63	4,870	702	24,131	2,378	37,682
- Effect of adopting Amendments to FRS 117		-	-	-	-	51	-	-	-	-	51
- As restated		-	2,665	-	2,873	114	4,870	702	24,131	2,378	37,733
Charge for the financial year											
- As previously restated		-	613	-	692	34	268	23	4,063	294	5,987
- Effect of adopting Amendments to FRS 117		-	-	-	-	29	-	-	-	-	29
- As restated		-	613	-	692	63	268	23	4,063	294	6,016
Disposals		-	-	-	-	-	-	-	(200)	(110)	(310)
Written off		-	-	-	-	-	(377)	(569)	-	-	(946)
Disposal of subsidiary companies	4(c)	-	-	-	-	(28)	(157)	(52)	-	(631)	(868)
At 31 July 2010		-	3,278	-	3,565	149	4,604	104	27,994	1,931	41,625

3. Property, Plant and Equipment (Cont'd)

	At Valuation		At Cost							
	Freehold land RM'000	**Freehold buildings** RM'000	**Freehold land** RM'000	**Freehold buildings** RM'000	**Leasehold land and building** RM'000	**Office equipment, furniture and fittings** RM'000	**Renovation and electrical upgrade** RM'000	**Tools and machinery** RM'000	**Motor vehicles** RM'000	**Total** RM'000
2010										
Accumulated impairment losses										
At 1 August 2009/ 31 July 2010	898	844	-	-	-	-	-	1,500	-	3,242
Carrying amount										
At 31 July 2010										
- As previously restated	21,141	23,539	790	29,987	1,518	1,706	468	22,705	296	102,150
- Effect of adopting Amendments to FRS 117	-	-	-	-	2,309	-	-	-	-	2,309
- As restated	21,141	23,539	790	29,987	3,827	1,706	468	22,705	296	104,459

3. **Property, Plant and Equipment (Cont'd)**

(a) Certain freehold and leasehold land and buildings of the Group with carrying amount of RM63,930,000 (2010: RM65,699,000) have been pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 18 to the financial statements.

(b) Included in the property, plant and equipment of the Group are motor vehicles acquired under hire purchase with carrying amount of RM666,000 (2010: RM222,000).

(c) Included in the property, plant and equipment of the Group are motor vehicles with carrying amount of RM666,000 (2010: RM156,000) held in trust under the name of third parties.

(d) The freehold land and buildings of the Group were revalued in 2007 by independent professional qualified valuers using the open market value method.

(e) Had the revalued property, plant and equipment been included in the financial statements at cost less accumulated depreciation and accumulated impairment, the carrying amount of the revalued property, plant and equipment would have been as follows:

	Group	
	2011 RM'000	2010 RM'000
Freehold land	2,966	2,966
Buildings	28,744	29,241
	31,710	32,207

(f) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under hire purchase financing and cash payments are as follows:

	Group	
	2011 RM'000	2010 RM'000
Aggregate costs	3,376	1,945
Less: Hire purchase financing	(480)	-
Cash payments	2,896	1,945

(g) The remaining lease terms of the leasehold land range from 79 to 85 (2010: 80 to 86) years.

4. **Investments in Subsidiary Companies**

(a) Investments in subsidiary companies

	Company 2011 RM'000	Company 2010 RM'000
In Malaysia		
Unquoted shares, at cost	80,115	80,115
Less: Written off	(2,045)	-
Less: Accumulated impairment		
At 1 August	(48,243)	(28,557)
Impairment during the financial year	(23)	(19,686)
Reversal of impairment during the financial year	2,045	-
At 31 July	(46,221)	(48,243)
	31,849	31,872

(b) The subsidiary companies and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest 2011 %	Effective interest 2010 %	Principal activities
Direct holding:				
Seng Yip Furniture Sdn. Bhd.	Malaysia	100	100	Manufacture and export of moulded timber, furniture products and timber treatment processing
Tomisho Sdn. Bhd.	Malaysia	100	100	Manufacture and export of furniture and component parts
SYF Venture Sdn. Bhd.	Malaysia	100	100	Investment holding
SYF Properties Sdn. Bhd.	Malaysia	100	100	* In the process of strike off
All Star Wood Products Sdn. Bhd.	Malaysia	100	100	* In the process of strike off
SYF Wood Tech Sdn. Bhd.	Malaysia	100	100	* In the process of strike off
Apota Furnishing Sdn. Bhd.	Malaysia	100	100	# In the process of strike off

4. **Investment in Subsidiary Companies (Cont'd)**

(b) The subsidiary companies and shareholdings therein are as follows: (Cont'd)

Name of company	**Country of incorporation**	**Effective interest 2011**	**Effective interest 2010**	**Principal activities**
		%	%	
Indirect holding:				
Subsidiary companies of SYF Venture Sdn. Bhd. :				
C&L Lumber Sdn. Bhd.	Malaysia	100	100	Ceased operation
SYF Development Sdn. Bhd. (Formerly known as Twenty-One SJ Sdn. Bhd.)	Malaysia	100	100	Intended to venture into the business of property development
SYF Trading Sdn. Bhd.	Malaysia	100	100	Ceased operation

* On 5 October 2011, the Company has made announcement to Bursa Securities that its wholly owned subsidiary companies, namely SYF Wood Tech Sdn. Bhd., All Star Wood Products Sdn. Bhd. and SYF Properties Sdn. Bhd. (collectively referred to "the Subsidiaries") were struck off from the Registrar of Companies and dissolved accordingly on 5 October 2011 (being the expiration of the three months from the date of Section 308(2) Notice dated 6 July 2011) in accordance with Section 308(2) of the Companies Act, 1965.

The striking off of the Subsidiaries will not have any significant financial effect on the net assets and earning of the Company for the financial year ended 31 July 2011.

\# On 18 April 2011, the Company has made application to the Registrar of Companies to strike off Apota Furnishing Sdn. Bhd. in accordance with Section 308 of the Companies Act, 1965. The strike off process has yet to be completed at the date of this report.

4. **Investment in Subsidiary Companies (Cont'd)**

(c) Disposal of subsidiary companies

The effect of the disposal on the financial results of the Group in the previous financial year is as follows:

	Group	
	2011 RM'000	2010 RM'000
Turnover	-	18,228
Cost of sales	-	(17,304)
Gross profit	-	924
Other operating income	-	43
Administrative expenses	-	(796)
Finance costs	-	(1)
Profit before taxation	-	170
Taxation	-	(42)
Profit after taxation	-	128
Dividend paid	-	(401)
Net loss for the financial year	-	(273)

The summary of effects of the disposal on the financial position of the Group is as follows:

	Group	
	2011 RM'000	2010 RM'000
Property, plant and equipment	-	706
Land and property development costs	-	8,723
Intangible assets	-	995
Trade and other receivables	-	9,991
Tax recoverable	-	66
Cash and bank balances	-	398
Trade and other payables	-	(14,630)
Amount owing to Directors	-	(78)
Amount owing to shareholders	-	(736)
Hire purchase payables	-	(97)
Tax payable	-	(90)
Deferred tax liabilities	-	(48)
	-	5,200

4. **Investment in Subsidiary Companies (Cont'd)**

The assets and liabilities arising from disposal are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Property, plant and equipment	-	656
Land and property development costs	-	8,723
Intangible assets	-	995
Trade and other receivables	-	1,130
Tax recoverable	-	66
Cash and bank balances	-	446
Trade and other payables	-	(6,152)
Amount owing to Directors	-	(78)
Amount owing to shareholders	-	(736)
Hire purchase payables	-	(51)
Tax payable	-	(24)
Deferred tax liabilities	-	(48)
	-	4,927
Less: Net assets acquired by non-controlling interests	-	(1,927)
Group's share of net assets	-	3,000
Loss on disposal of subsidiary companies	-	(1,032)
	-	1,968

The cash outflow arising from the disposal is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Disposal proceeds settled by cash	-	1,968
Less: Cash and cash equivalents of subsidiary companies disposed	-	(446)
Net cash inflow from disposal of investment in subsidiary companies	-	1,522

5. Other Investments

	Group/Company 2011 RM'000	Group/Company 2010 RM'000
Unquoted bonds, at cost	5,500	5,500
Less: Written off	(5,500)	-
Less: Accumulated impairment		
At 1 August	(5,500)	(5,500)
Reversal of impairment during the financial year	5,500	-
At 31 July	-	(5,500)
	-	-

The other investments were written off during the financial year.

6. Inventories

	Group 2011 RM'000	Group 2010 RM'000
At cost		
Raw materials	14,158	9,746
Consumables	1,328	1,505
Work-in-progress	16,353	17,094
Manufactured inventories	4,583	3,625
	36,422	31,970
At net realisable value		
Finished goods	2,850	2,833
	39,272	34,803

7. Trade Receivables

	Group 2011 RM'000	Group 2010 RM'000
Trade receivables	9,853	9,953
Less: Accumulated impairment	(2,185)	(2,044)
	7,668	7,909

Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

7. **Trade Receivables (Cont'd)**

The Group's normal trade credit terms range from 1 to 90 days (2010: 1 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Movements in impairment during the financial year are as follows:

	Group	
	2011 RM'000	2010 RM'000
At beginning of the financial year	2,044	4,191
Impairment during the financial year	158	-
Reversal of impairment during the financial year	(17)	(2,147)
At end of the financial year	2,185	2,044

Analysis of the trade receivables ageing is as follows:

	Group	
	2011 RM'000	2010 RM'000
Neither past due nor impaired	5,547	6,627
Past due less than 30 days not impaired	436	586
Past due for more than 31 to 60 days not impaired	104	224
Past due for more than 60 days not impaired	1,581	472
	7,668	7,909
Impaired	2,185	2,044
	9,853	9,953

The Group has not made any impairment on certain past due receivables as the Directors are of the view that the receivables are recoverable.

The foreign currency exposure profile is as follows:

	Group	
	2011 RM'000	2010 RM'000
United States Dollar (USD)	4,066	2,404

8. Other Receivables

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Other receivables	4,032	1,840	-	786
Less: Accumulated impairment	(206)	(1,362)	-	(786)
	3,826	478	-	-
Deposits	1,068	545	1	-
Prepayments	546	3,176	-	-
	5,440	4,199	1	-

Other receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

Movements in impairment during the financial year are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	1,362	1,358	786	786
Impairment during the financial year	-	4	-	-
Reversal of impairment during the financial year	(1,156)	-	(786)	-
At end of the financial year	206	1,362	-	786

9. Derivative Financial Assets

	2011		2010		
	Contract/ Notional amount USD'000	Financial Assets RM'000	Contract/ Notional amount USD'000	Financial Assets RM	Financial Liabilities RM
Group					
Non-hedging derivative:					
Current					
Forward currency contracts	3,483	411	6,850	-	-

The Group has forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in USD for which firm commitments existed at the end of the reporting period, extending to January 2012.

During the financial year, the Group recognised a gain of RM411,000 (2010: Nil) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

10. Amount Owing by/(to) Subsidiary Companies

(a) Amount owing by subsidiary companies

This represents unsecured, interest free advances except for RM48,325,000 (2010: RM48,325,000) which bears interest at rate of 10% (2010: 10%) per annum and repayable on demand.

(b) Amount owing to subsidiary companies

This represents unsecured, interest free advances and repayable on demand.

11. Fixed Deposits with Licensed Banks

The fixed deposits of the Group have been pledged with licensed banks as security for credit facilities granted to certain subsidiary companies as disclosed in Note 18 to the financial statements.

The interest rates and maturities of deposits is 2.50% (2010: 2.50%) per annum and 365 days (2010: 365 days) respectively.

12. Cash and Bank Balances

The foreign currency exposure profile is as follows:

	Group	
	2011	2010
	RM'000	RM'000
United States Dollar (USD)	1,075	8
Pound Sterling (GBP)	2	4

13. Non-Current Assets Held for Sale

	Group	
	2011	2010
	RM'000	RM'000
At 1 August	9,252	9,278
Add: Addition during the financial year	80	-
Less: Impairment during the financial year	-	(26)
Less: Disposal during the financial year	(9,332)	-
At 31 July	-	9,252

A non-current asset held for sale of the Group with carrying amount of Nil (2010: RM6,374,000) has been pledged to a licensed bank as security for credit facility granted to a subsidiary company as disclosed in Note 18 to the financial statements.

14. Share Capital

	Group/Company 2011 RM'000	Group/Company 2010 RM'000
Authorised		
800,000,000 ordinary shares of RM0.25 each (2010: 200,000,000 ordinary shares of RM1.00 each)		
At beginning/end of the financial year	200,000	200,000
Issued and fully paid		
At beginning of the financial year	84,070	84,070
Capital reduction	(63,053)	-
At end of the financial year: 84,069,603 ordinary shares of RM0.25 each (2010: RM1.00 each)	21,017	84,070

During the financial year, the Company had undertaken the following:

(a) Reduced its authorised share capital from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to RM200,000,000 comprising 800,000,000 ordinary shares of RM0.25 each.

(b) Reduced its issued and fully paid-up share capital by cancellation of RM0.75 of the par value of each existing ordinary shares of RM1.00 each ("capital reduction") in the Company thereby reducing the issued and paid up share capital of the Company by RM63,052,202. The resulting capital reduction had enabled the Company to eliminate RM63,052,202 of its accumulated losses.

The High Court of Malaya in Kuala Lumpur had on 15 July 2011 confirmed and sanctioned the Company's Petition for an order for reduction of the Company's share capital in relation to the capital reduction pursuant to Section 64(1) of Companies Act, 1965. The said court order had been lodged with the Companies Commission of Malaysia on 27 July 2011.

15. **Reserves**

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-distributable:				
Share premium	15,374	15,374	15,374	15,374
Revaluation reserve	11,435	11,503	-	-
Treasury shares	-	(39)	-	(39)
	26,809	26,838	15,374	15,335
Distributable:				
Accumulated losses	(22,807)	(83,698)	(2,545)	(62,387)
	4,002	(56,860)	12,829	(47,052)

During the financial year, the Company has disposed of its entire treasury shares of RM1.00 each.

The movements in the reserves are reflected in the statements of changes in equity.

	2011 Group RM'000	2011 Company RM'000
Accumulated losses		
- Realised	(50,046)	(2,545)
- Unrealised	562	-
	(49,484)	(2,545)
Less: Consolidation adjustments	26,677	-
	(22,807)	(2,545)

The disclosure of realised and unrealised profits or losses is solely compiled in accordance to the Malaysian Institute of Accountants Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements issued on 20 December 2010.

The disclosure of realised and unrealised profits and losses is solely for the purpose of disclosure requirements of Bursa Securities Listing Requirements, and the comparative figures are not required in the first financial year of complying with the realised and unrealised profits and losses disclosure.

16. Warrant

The warrants 2003/2013 were constituted under the Deed Poll dated 1 August 2003.

As at 31 July 2011, the total numbers of warrants that remain unexercised are 34,484,300 (2010: 34,484,300).

17. Hire Purchase Payables

		Group	
		2011	2010
		RM'000	RM'000
(a)	**Minimum hire purchase payments**		
	Payable within one year	153	95
	Payable between one and five years	508	120
		661	215
	Less: Future finance charges	(68)	(15)
	Present value of hire purchase liabilities	593	200
(b)	**Present value of hire purchase liabilities**		
	Repayable within one year	127	88
	Repayable between one and five years	466	112
		593	200
	Analysed as:		
	Repayable within twelve months	127	88
	Repayable after twelve months	466	112
		593	200

Interest is charged at rates ranging from 2.52% to 3.50% (2010: 2.28% to 3.50%) per annum.

Certain hire purchase payables of the Group amounting to RM592,000 (2010: RM150,000) are in relation to assets held in trust under the name of third parties.

18. Bank Borrowings

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Secured				
Floating rates				
Bank overdrafts	5,839	6,351	-	-
Term loans	15,455	19,300	-	-
Bills payables and revolving credit	20,115	23,321	-	-
	41,409	48,972	-	-
Unsecured:				
Fixed rates				
Term loans	59,961	55,000	59,961	55,000
	59,961	55,000	59,961	55,000
Total borrowings	101,370	103,972	59,961	55,000
Analysed as:				
Repayable within twelve months				
Secured				
Floating rates				
Bank overdrafts	5,839	6,351	-	-
Term loans	15,455	5,204	-	-
Bills payables and revolving credit	20,115	23,321	-	-
	41,409	34,876	-	-
Unsecured				
Fixed rates				
Term loans	59,961	35,000	59,961	35,000
	101,370	69,876	59,961	35,000
Repayable after twelve months				
Secured				
Floating rates				
Term loans	-	14,096	-	-
Unsecured				
Fixed rates				
Term loans	-	20,000	-	20,000
	-	34,096	-	20,000
Total borrowings	101,370	103,972	59,961	55,000

18. **Bank Borrowings (Cont'd)**

The credit facilities of the Group obtained from licensed banks are secured by the following:

(a) Legal charge on certain property, plant and equipment as disclosed in Note 3 to the financial statements;

(b) Legal charge on a non-current assets held for sale for the previous financial year as disclosed in Note 13 to the financial statements ; and

(c) Legal charge on fixed deposits placement as disclosed in Note 11 to the financial statements.

The Company and certain of its subsidiary companies had defaulted in the repayment of certain bank borrowings. On 16 December 2010, the Company and certain of its subsidiary companies had entered into a DRA to address the default in repayment as disclosed in Note 33(a) to the financial statements. The said Debt Restructuring and the Rights Issue had been completed on 25 October 2011.

Maturity of bank borrowings is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Within one year	101,370	69,876	59,961	35,000
Between one and two years	-	25,990	-	20,000
Between two and three years	-	2,513	-	-
Between three and four years	-	1,680	-	-
Between four and five years	-	1,822	-	-
After five years	-	2,091	-	-
	101,370	103,972	59,961	55,000

Range of interest rates during the financial year is as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Fixed rates				
Term loans	7.55 - 8.38	7.55 - 8.38	7.55 - 8.38	7.55 - 8.38
Floating rates				
Bank overdrafts	7.05 - 8.30	6.55 - 8.30	-	-
Term loans	6.40 - 9.00	5.00 - 9.00	-	-
Bills payables and revolving credit	4.37 - 8.60	3.66 - 8.05	-	-

19. Deferred Tax Liabilities

	Group 2011 RM'000	Group 2010 RM'000
At 1 August	4,720	4,880
Recognised in statements of comprehensive income	(760)	(58)
Crystalisation of deferred tax liabilities arising from revaluation of freehold land and buildings	(54)	(54)
Disposal of subsidiary companies	-	(48)
At 31 July	3,906	4,720

The components and movements of deferred tax liabilities of the Group are as follows:

	Property, plant and equipment RM'000	Revaluation reserve RM'000	Total RM'000
At 1 August 2010	1,433	3,287	4,720
Recognised in statements of comprehensive income	(760)	-	(760)
Crystalisation of deferred tax liabilities arising from revaluation of freehold land and buildings	-	(54)	(54)
At 31 July 2011	673	3,233	3,906
At 1 August 2009	1,539	3,341	4,880
Recognised in statements of comprehensive income	(58)	-	(58)
Crystalisation of deferred tax liabilities arising from revaluation of freehold land and buildings	-	(54)	(54)
Disposal of subsidiary companies	(48)	-	(48)
At 31 July 2010	1,433	3,287	4,720

19. Deferred Tax Liabilities (Cont'd)

Deferred tax assets/(liabilities) have not been recognised in respect of the following temporary differences:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accelerated capital allowances	(28,018)	(24,003)	-	-
Unused tax losses	37,442	36,574	2,707	1,824
Unutilised capital allowances	19,712	20,182	-	-
Unutilised reinvestment allowances	39,835	39,787	-	-
	68,971	72,540	2,707	1,824

20. Trade Payables

The normal trade credit term granted to the Group ranges from 1 to 90 days (2010: 1 to 90 days). Other credit terms are assessed and approved on a case by case basis.

The foreign currency exposure profile is as follows:

	Group	
	2011 RM'000	2010 RM'000
Japanese Yen (JPY)	10	10

21. Other Payables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Other payables	3,545	5,201	218	102
Accruals	9,401	7,903	4,823	3,877
Deposits	1,601	1,938	-	-
Provision for corporate guarantee	-	472	-	472
	14,547	15,514	5,041	4,451

The foreign currency exposure profile is as follows:

	Group 2011 RM'000	Group 2010 RM'000
United States Dollar (USD)	540	854

22. Revenue

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Sale of goods	156,128	172,421	-	-
Interest income	-	-	4,833	4,833
	156,128	172,421	4,833	4,833

23. Finance Costs

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Interest expenses on:				
Term loans	7,366	5,759	6,000	4,443
Bank overdrafts	557	322	-	-
Bills payables and revolving credit	1,599	1,362	-	-
Hire purchase	8	20	-	-
Late payment	37	13	-	-
	9,567	7,476	6,000	4,443

24. Loss before Taxation

Loss before taxation is derived after charging/(crediting):

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Auditors' remuneration				
- statutory				
- current year	70	74	21	21
- over provision in prior years	-	(10)	-	-
- other	30	-	30	-
Bad debts written off	1,156	2,147	786	-
Company's Directors				
- fee	96	96	96	96
- salaries and other emoluments	1,082	1,082	986	986
- EPF	130	130	118	118
- Benefits-in-kind	18	48	18	48
Other Directors				
- fee	-	384	-	-
Deposits written off	37	-	-	-
Depreciation of property, plant and equipment	5,506	6,016	-	-
Impairment on goodwill	-	22	-	-
Impairment on non-current assets held for sale	-	26	-	-
Impairment on investment in subsidiary companies	-	-	23	19,686
Impairment on trade receivables	158	-	-	-
Impairment on other receivables	-	4	-	-
Inventories written off	-	24	-	-
Investment in subsidiary companies written off	-	-	2,045	-
Loss on assignment of debt	-	63	-	-
Loss on disposal of treasury shares	29	-	29	-
Loss/(Gain) on disposal of property, plant and equipment	519	(31)	-	-
Loss on disposal of investment in subsidiary companies	-	1,032	-	-
Other investments written off	5,500	-	5,500	-
Prepayment written off	1,175	-	-	-
Rental of land and premises paid/payable				
- a subsidiary companies	-	-	72	72
- Company's Director	526	526	-	-
- third parties	954	520	-	-
Restructuring expenses	966	-	966	-

24. Loss before Taxation (Cont'd)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Fixed deposit interest income	(15)	(2)	-	-
Gain on derivative financial assets	(411)	-	-	-
Gain on foreign exchange				
- realised	(1,602)	(1,785)	-	-
- unrealised	(151)	-	-	-
Gain on disposal of non-current assets held for sale	(774)	-	-	-
Rental income from investment properties	(322)	(408)	-	-
Reversal of impairment on other investments	(5,500)	-	(5,500)	-
Reversal of impairment on investment in subsidiary companies	-	-	(2,045)	-
Reversal of impairment on trade receivables	(17)	(2,147)	-	-
Reversal of impairment on other receivables	(1,156)	-	(786)	-

25. Taxation

	Group	
	2011	2010
	RM'000	RM'000
Tax expense for the financial year:		
Current tax provision	18	59
Over provision in prior years	(1)	(241)
	17	(182)
Real property gain tax	76	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(760)	(58)
Crystalisation of deferred tax liabilities arising from revaluation of freehold land and buildings	(54)	(54)
	(814)	(112)
	(721)	(294)

25. **Taxation (Cont'd)**

Current income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable loss for the financial year.

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

	Group	
	2011	2010
	RM'000	RM'000
Loss before taxation	(2,951)	(8,188)
Taxation at statutory tax rate of 25% (2010: 25%)	(738)	(2,047)
Income not subject to tax	(1,791)	(116)
Expenses not deductible for tax purposes	2,541	797
Deferred tax assets not recognised	280	1,781
Double tax relief	(35)	(84)
Reversal of deferred tax not recognised	(1,172)	(552)
Permanent loss not recognised during the financial year	119	168
Real property gain tax	76	-
Over provision of taxation in prior years	(1)	(241)
Tax expense for the financial year	(721)	(294)

	Company	
	2011	2010
	RM'000	RM'000
Loss before taxation	(3,211)	(21,047)
Taxation at statutory tax rate of 25% (2010: 25%)	(803)	(5,262)
Income not subject to tax	(2,083)	-
Expenses not deductible for tax purposes	2,665	5,262
Deferred tax assets not recognised	221	-
Tax expense for the financial year	-	-

The Group has estimated unused tax losses, unutilised capital allowances and unutilised reinvestment allowances of RM37,442,000 (2010: RM36,574,000), RM19,712,000 (2010: RM20,182,000) and RM39,835,000 (2010: RM39,787,000) respectively carried forward available for set-off against future taxable profit. The said amounts are subject to approval by the tax authorities.

The Company has unused tax losses amounting to approximately RM2,707,000 (2010: RM1,824,000) available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

26. Loss per Share

(a) Basic loss per share

The loss per share has been calculated based on the consolidated loss for the financial year attributable to the equity holders of the parent of RM2,230,000 (2010: RM7,836,000) and the weighted average number of ordinary shares in issue during the financial year of 84,030,000 (2010: 84,030,000).

	Group	
	2011 RM'000	2010 RM'000
Loss for the financial year attributable to the equity shareholders of the parent	(2,230)	(7,836)
Weighted number of ordinary shares in issue	84,030	84,030
Basic loss earnings per share (sen)	(2.6)	(9.3)

(b) Diluted earnings per share

The outstanding warrants and options under the Company's Employees' Share Option Scheme ("ESOS") do not have an impact on the diluted earnings per share as the exercise prices of the warrants and the options exceed the average market price of the Company's ordinary shares.

27. Staff Costs

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Staff costs (excluding Directors)	20,455	18,809	-	47

Included in the total staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and for the Company amounting to RM431,000 and Nil (2010: RM433,000 and RM7,000) respectively.

28. Employees' Share Option Scheme

The Company's Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 23 May 2003. At all times, the ESOS shall not exceed 10% of the issued share capital and shall be granted to eligible Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years until 31 July 2008.

On 21 July 2008, pursuant to the existing by-laws governing the ESOS, the Company extended the expiry date of the existing ESOS, which expired on 31 July 2008, for a further period of five (5) years until 31 July 2013.

The salient features and other terms of the ESOS are as follows:

(i) Eligible employees are those who have been confirmed in writing as employees of the Group.

(ii) The option is personal to the grantee and is non-assignable.

(iii) The option price shall be at a discount of not more than ten percent from the weighted average of the market price of the Company's ordinary shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher.

(iv) The options granted may be exercised by the grantee by notice in writing to the Company in the prescribed form from time to time during the option period in respect of all or any part of the new Company's shares comprised in the option, provided that where an option is exercised in respect of a part of the new ordinary shares comprised therein, the number of the new Company's shares of which such option may be exercised shall not be less than one hundred and shall be in multiples of one hundred.

Movements in the number of share options outstanding are as follows:

	No. of Share Options						
	Outstanding as at 1 August RM'000	Movements during the financial year Granted RM'000	Exercised RM'000	Forfeited RM'000	Lapsed RM'000	Outstanding as at 31 July RM'000	Exercisable as at 31 July RM'000
2011							
First Grant	3,087	-	-	-	(15)	3,072	3,072
2010							
First Grant	3,119	-	-	-	(32)	3,087	3,087

29. Related Party Disclosures

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2011 RM'000	2010 RM'000
Group		
Rental paid to a Director of the Company	526	526
Disposal of land to a Company in which a Director has financial interest	230	-
Company		
Subsidiary companies:		
Interest income received/receivable	4,833	4,833
Management fee received/receivable	80	80
Rental paid to a subsidiary company	72	72

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Information regarding outstanding balances arising from related party transactions as at 31 July 2011 is disclosed in Note 10 to the financial statements.

(c) Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	1,989	1,948	1,104	1,194
Benefits-in-kind	18	48	18	48
	2,007	1,996	1,122	1,242

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Director of the Company.

30. Segmental Information

The main business segments of the Group comprise the following:

Rubberwood furniture	Manufacture and trading of rubberwood furniture and component parts
Others	Rental of investment properties and investment holding

Performance is measured based on segment profit before taxation, interest and depreciation, as included in the internal management reports that are reviewed by the Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence no disclosure is made on segment liability.

30. Segment Information (Cont'd)

	Rubberwood furniture RM'000	Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2011				
Revenue				
External sales	156,128	-	-	156,128
Inter-segment sales	18,461	4,833	(23,294)	-
Total sales	174,589	4,833	(23,294)	156,128
Results				
Segment results	8,077	1,185	(2,631)	6,631
Interest income	(15)	-	-	(15)
Finance costs	(8,400)	(6,000)	4,833	(9,567)
Loss before taxation	(338)	(4,815)	2,202	(2,951)
Taxation	(39)	-	760	721
Net loss for the financial year, representing total comprehensive income for the financial year	(377)	(4,815)	2,962	(2,230)
Assets				
Addition to non-current assets	(3,376)	-	-	(3,376)
Addition to non-current assets held for sale	(80)	-	-	(80)
Non-cash expenses/(income)				
Bad debts written off	-	1,156	-	1,156
Deposits written off	37	-	-	37
Depreciation of property, plant and equipment	5,503	3	-	5,506
Impairment on investment in subsidiary companies	-	23	(23)	-
Impairment on trade receivables	158	-	-	158
Impairment on amount owing by subsidiary companies	-	2,179	(2,179)	-
Investment in subsidiary companies written off	-	2,045	(2,045)	-
Loss on disposal of property, plant and equipment	519	-	-	519
Loss on disposal of treasury shares	-	29	-	29
Other investments written off	-	5,500	-	5,500
Prepayment written off	1,175	-	-	1,175
Gain on disposal on non-current assets held for sale	(774)	-	-	(774)
Gain on foreign exchange - unrealised	(151)	-	-	(151)
Gain on derivative financial assets	(411)	-	-	(411)
Reversal of impairment on investment in subsidiary companies	-	(2,045)	2,045	-
Reversal of impairment on other investments	-	(5,500)	-	(5,500)
Reversal of impairment on trade receivables	(17)	-	-	(17)
Reversal of impairment on other receivables	-	(1,156)	-	(1,156)

30. Segment Information (Cont'd)

	Rubberwood furniture RM'000	Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2010				
Revenue				
External sales	172,148	273	-	172,421
Inter-segment sales	22,422	4,833	(27,255)	-
Total sales	194,570	5,106	(27,255)	172,421
Results				
Segment results	3,041	(17,609)	13,858	(710)
Interest income	(2)	-	-	(2)
Finance costs	(7,866)	(4,443)	4,833	(7,476)
Loss before taxation	(4,827)	(22,052)	18,691	(8,188)
Taxation	144	(97)	247	294
Net loss for the financial year, representing total comprehensive income for the financial year	(4,683)	(22,149)	18,938	(7,894)
Assets				
Addition to non-current assets	1,945	-	-	1,945
Non-cash expenses/(income)				
Bad debts written off	-	2,147	-	2,147
Depreciation of property, plant and equipment	6,016	-	-	6,016
Impairment on goodwill	-	-	22	22
Impairment on investment in subsidiary companies	-	19,686	(19,686)	-
Impairment on non-current assets held for sale	-	26	-	26
Impairment on other receivables	4	-	-	4
Inventories written off	24	-	-	24
Loss on assignment of debt	-	63	-	63
Loss on disposal of investment in subsidiary companies	-	79	953	1,032
Gain on disposal of property, plant and equipment	(31)	-	-	(31)
Reversal of impairment on trade receivables	-	(2,147)	-	(2,147)

30. Segment Information (Cont'd)

All the inter-segment transactions were carried out on normal commercial basis and in the ordinary course of business.

(b) Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers.

	Group 2011 RM'000	Group 2010 RM'000
Malaysia	68,982	75,470
Asia Pacific and other Asian countries	12,915	13,163
Europe	8,821	13,085
North America	43,776	54,275
Others	21,634	16,428
	156,128	172,421

(c) Major customer

The following major customer with revenue equal or more than 10% of the Group's revenue:

	Revenue 2011 RM'000	**Revenue** 2010 RM'000	**Segment**
One major customer (2010: Nil)	22,352	-	Rubberwood furniture

31. Contingent Liabilities

	Company 2011 RM'000	Company 2010 RM'000
Guarantee given for banking facilities granted to subsidiary companies	44,121	52,851

32. Commitments

	Group 2011 RM'000	Group 2010 RM'000
Future minimum lease payments:		
Within one year	1,485	646
Between one and five years	4,729	1,614
	6,214	2,260

33. Significant Events

During the financial year, the following significant events took place for the Company and its subsidiary companies:

(a) SYF Resources Berhad ("the Company" or "SRB")

(i) On 17 December 2010, the Company made an announcement that under the mediation of the CDRC, a DRA had been executed with its subsidiary companies, namely Seng Yip Furniture Sdn. Bhd., Tomisho Sdn. Bhd., SYF Trading Sdn. Bhd., SYF Development Sdn. Bhd. (formerly known as Twenty-One SJ Sdn. Bhd.) and the unsecured financial lenders to implement a proposed restructuring scheme involving the following:

(1) proposed capital reduction of its issued and paid-up share capital involving the cancellation of RM0.75 of the par value of each existing ordinary share of RM1.00 each in SRB;

(2) proposed amendment to Memorandum of Association of SRB;

(3) proposed settlement of debt owing, by way of part cash payment and the issuance of 102,717,300 RCSLS to unsecured financial institution creditors; and

(4) proposed renounceable rights issue of up to 121,640,303 new ordinary shares of RM0.25 each at an issue price of RM0.25 per Rights Share on the basis of one Rights Share for every one ordinary share of RM0.25 each in SRB.

33. **Significant Events (Cont'd)**

(a) SYF Resources Berhad ("the Company" or "SRB") (Cont'd)

(ii) The Company had on 18 February 2011 submitted a listing application to Bursa Securities and the Bursa Securities, via its letter dated 27 May 2011, approved for the following:

(1) admission to the Official List and listing of and quotation for the 102,717,300 RCSLS of RM0.25 each to be issued pursuant to the proposed debt restructuring;

(2) listing of and quotation for up to 107,967,203 rights shares pursuant to the proposed rights; and

(3) listing of and quotation for up to 102,717,300 new ordinary shares of RM0.25 each to be issued arising from the conversion of the RCSLS. The Company also submitted the application to the SC for the proposed issuance of RCSLS on the same date and the SC had, vide its letter dated 17 March 2011 approved the application.

(iii) As announced to the Bursa Securities on 14 March 2011, the Company had, via CDRC, requested for the consent of the scheme lenders to substitute one of the put-option grantors previously proposed. The CDRC had informed by its letter dated 6 April 2011 that the scheme lenders had approved the revision. This was formalised by the execution of a supplemental agreement with the scheme lenders on 10 May 2011.

(iv) At the extraordinary general meeting convened on 24 June 2011, the approval of the shareholders was duly obtained for the implementation of the scheme. The approval of the scheme lenders was obtained on the same date for an extension of three months, from 16 June 2011 to 15 September 2011, to fulfil the conditions precedent as required pursuant to the DRA and Supplemental DRA.

33. **Significant Events (Cont'd)**

(a) SYF Resources Berhad ("the Company" or "SRB") (Cont'd)

(v) The High Court of Malaya in Kuala Lumpur has on 15 July 2011 confirmed and sanctioned the Company's Petition for an order for reduction of the Company's share capital in relation to the capital reduction pursuant to Section 64(1) of Companies Act, 1965. The said court order had been lodged with the CCM on 27 July 2011. The proposed capital reduction has been successfully completed with the reduction of the par value of each ordinary shares of SRB from RM1.00 to RM0.25 per share.

The amendment to the Memorandum of Association was completed on 27 July 2011 to facilitate the change in the par value of the ordinary shares from RM1.00 each to RM0.25 each and the number of ordinary shares in the authorised share capital as a result of the change on the par value pursuant to the capital reduction.

(b) Seng Yip Furniture Sdn. Bhd. ("SYF")

On 6 December 2010, SYF had entered into a Sale and Purchase Agreement with Kiara Susila Sdn. Bhd. for the disposal of the property known as H.S. (D) 140421, P.T. No. 30873, Mukim of Semenyih, District of Ulu Langat, Selangor Darul Ehsan for a cash consideration of RM230,000.

The said disposal was completed during the financial year.

(c) SYF Trading Sdn. Bhd. ("SYT")

On 2 September 2010, SYT had entered into a Sale and Purchase Agreement with Mayban Trustee Berhad for the disposal of the property known as Parcel 459, Lot No. S.2.140B located at 2nd Level, The Summit Subang USJ for a cash consideration of RM6,800,000.

The said disposal was completed during the financial year.

(d) SYF Development Sdn. Bhd. ("SYFD") (formerly known as Twenty-One SJ Sdn. Bhd.)

On 18 April 2011, SYFD had entered into a Sale and Purchase Agreement with Chanel Sofa Design Sdn Bhd for the disposal of a 2-storey factory building held under freehold title HS(M) 7210, PT No. 31678, Pekan Batu 23, Sungai Lalang, Daerah Hulu Langat, Negeri Selangor Darul Ehsan for a cash consideration of RM3,800,000.

34. Subsequent Events

Subsequent to the financial year end, the following significant events took place for the Company and its subsidiary companies:

(a) SYF Resources Berhad (“the Company” or “SRB”)

(i) On 7 September 2011, approval of the SC was obtained for an extension of three months, from 17 September 2011 to 16 December 2011, in the deadline to list the RCSLS. At the same time, SC also approved some minor amendments to the terms and conditions of the RCSLS that were requested by the scheme lenders.

Subsequently, on 9 September 2011, the trust deed governing the terms of the RCSLS was signed with the trustee of the RCSLS.

(ii) On 22 September 2011, the abridged prospectus was lodged with SC followed by lodgement to the Registrar of Companies on 23 September 2011.

(iii) On 5 October 2011, the Company made announcement to Bursa Securities that its wholly owned subsidiary companies, namely SYF Wood Tech Sdn. Bhd., All Star Wood Products Sdn. Bhd. and SYF Properties Sdn. Bhd. (collectively referred to “the Subsidiaries”) were struck off from the Registrar of Companies and dissolved accordingly on 5 October 2011 (being the expiration of the three months from the date of Section 308(2) Notice dated 6 July 2011) in accordance with Section 308(2) of the Companies Act, 1965.

The striking off of the Subsidiaries will not have any significant financial effect on the net assets and earning of the Company for the financial year ending 31 July 2012.

(iv) The Debt Restructuring and the Rights Issue had been completed on 25 October 2011 upon the following:

(1) the admission of the 102,717,300 units of RCSLS to the Official List of Bursa Securities; and

(2) the listing of and quotation for the 102,717,300 units of RCSLS, 84,069,603 Rigths Shares and additional 873,871 Warrants arising from the Rights Issue.

With the completion of the above proposal, the Company had been uplifted from PN 1 status effective 25 October 2011.

34. **Subsequent Events (Cont'd)**

(b) SYF Development Sdn. Bhd. ("SYFD") (formerly known as Twenty-One SJ Sdn. Bhd.)

On 3 October 2011, SFYD changed its name from Twenty-One SJ Sdn. Bhd. to SYF Development Sdn. Bhd.

35. **Financial Instruments**

Certain comparative figures have not been presented for 31 July 2010 by virtue of the exemption given in the paragraph 44AA of FRS 7, which is effective for annual periods beginning on and after 1 January 2010.

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At fair value through profit or loss RM'000	**Loans and receivables** RM'000	**Other financial liabilities** RM'000	**Total** RM'000
Group				
2011				
Financial Assets				
Trade receivables	-	7,668	-	7,668
Other receivables	-	5,440	-	5,440
Derivative financial assets	411	-	-	411
Fixed deposits with licensed banks	-	50	-	50
Cash and bank balances	-	3,593	-	3,593
Total financial assets	411	16,751	-	17,162
Financial Liabilities				
Trade payables	-	-	11,788	11,788
Other payables	-	-	14,547	14,547
Hire purchase payables	-	-	593	593
Bank borrowings	-	-	101,370	101,370
Total financial liabilities	-	-	128,298	128,298

35. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	At fair value through profit or loss RM'000	Loans and receivables RM'000	Other financial liabilities RM'000	Total RM'000
Group				
2010				
Financial Assets				
Trade receivables	-	7,909	-	7,909
Other receivables	-	4,199	-	4,199
Fixed deposits with licensed banks	-	270	-	270
Cash and bank balances	-	1,859	-	1,859
Total financial assets	-	14,237	-	14,237
Financial Liabilities				
Trade payables	-	-	11,945	11,945
Other payables	-	-	15,514	15,514
Hire purchase payables	-	-	200	200
Bank borrowings	-	-	103,972	103,972
Total financial liabilities	-	-	131,631	131,631
Company				
2011				
Financial Assets				
Other receivables	-	1	-	1
Amount owing by subsidiary companies	-	66,741	-	66,741
Cash and bank balances	-	257	-	257
Total financial assets	-	66,999	-	66,999
Financial Liabilities				
Other payables	-	-	5,041	5,041
Bank borrowings	-	-	59,961	59,961
Total financial liabilities	-	-	65,002	65,002

35. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	At fair value through profit or loss RM'000	**Loans and receivables** RM'000	**Other financial liabilities** RM'000	**Total** RM'000
Company				
2010				
Financial Assets				
Amount owing by subsidiary companies	-	63,836	-	63,836
Cash and bank balances	-	257	-	257
Total financial assets	-	64,093	-	64,093
Financial Liabilities				
Other payables	-	-	4,451	4,451
Amount owing to subsidiary companies	-	-	24	24
Bank borrowings	-	-	55,000	55,000
Total financial liabilities	-	-	59,475	59,475

(b) Financial assets/(liabilities) at "fair value through profit or loss"

There is no fair value through profit or loss has been imposed as the Group and the Company credit risks and liquidity risk are within the acceptable collection/payment period.

(c) Capital risk management objectives and policies

The Group and the Company's management manages its capital to ensure that the Group and the Company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

The capital of the Group and of the Company consists of issued capital, cash and cash equivalents and bank borrowings.

35. **Financial Instruments (Cont'd)**

(d) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its financial risks, including foreign credit risk, liquidity risk and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

(e) Credit risk

Fixed deposits with licensed banks and cash at banks are placed with a credit worthy financial institutions.

Credit risk arises mainly from the inability of its customers to make payments when due. The Group and the Company has adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via Company's management reporting procedures and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk.

(f) Liquidity risk

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

35. **Financial Instruments (Cont'd)**

(f) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total RM'000
Group					
2011					
Trade payables	11,788	-	-	-	11,788
Other payables	14,547	-	-	-	14,547
Hire purchase payables	127	134	332	-	593
Bank borrowings	101,370	-	-	-	101,370
	127,832	134	332	-	128,298
2010					
Trade payables	11,945	-	-	-	11,945
Other payables	15,514	-	-	-	15,514
Hire purchase payables	88	40	72	-	200
Bank borrowings	69,876	25,990	6,015	2,091	103,972
	97,423	26,030	6,087	2,091	131,631

35. **Financial Instruments (Cont'd)**

(f) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	Total RM'000
Company			
2011			
Other payables	5,041	-	5,041
Bank borrowings	59,961	-	59,961
	65,002	-	65,002
2010			
Other payables	4,451	-	4,451
Amount owing to subsidiary companies	24	-	24
Bank borrowings	35,000	20,000	55,000
	39,475	20,000	59,475

(g) Market risks

(i) Foreign currency exchange risk

The Group incurs foreign currency risk on transactions that are denominated in foreign currencies. The currencies giving rise to this risk are primarily the United States Dollar (USD). The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant.

The carrying amounts of the Group's are foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Financial Assets		
	Trade receivables RM'000	Cash and bank balances RM'000	Total RM'000
Group			
2011			
USD	4,066	1,075	5,141
GBP	-	2	2
2010			
USD	2,404	8	2,412
GBP	-	4	4

35. **Financial Instruments (Cont'd)**

(g) Market risks

(i) Foreign currency exchange risk (Cont'd)

	Financial Liabilities		
	Trade payables RM'000	Other payables RM'000	Total RM'000
Group			
2011			
USD	-	540	540
JPY	10	-	10
2010			
USD	-	854	854
JPY	10	-	10

(ii) Foreign currency risk sensitivity

A 10% strengthening of Ringgit Malaysia against the following foreign currencies at the end of the reporting period would increase/(decrease) the profit before taxation and other comprehensive income by the amount shown below. This analysis assumes that all other variables remain unchanged.

	Group	
	USD RM'000	JPY RM'000
2011		
Profit before taxation	(460)	1

A 10% weakening of Ringgit Malaysia against the above foreign currencies at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

35. **Financial Instruments (Cont'd)**

(g) Market risks (Cont'd)

(iii) Interest rate risk

The Group and the Company obtain financing through other financial liabilities. The Group's and the Company's policy is to obtain the financing with the most favourable interest rates in the market.

The Group and the Company constantly monitor its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2011 RM'000	2010 RM'000
Financial Asset		
Group		
Fixed deposits with licensed banks	50	270
Financial Liability		
Group		
Bank borrowings	41,409	48,972

The Group is exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Group.

(iv) Interest rate risk sensitivity

An increase in market interest rates by 1% on financial assets and financial liabilities of the Group which have variable interest rates at the end of the reporting period would increase the loss before taxation by RM413,000. This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial assets and financial liabilities of the Group which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

35. **Financial Instruments (Cont'd)**

(h) Fair values of financial assets and financial liabilities

(i) The carrying amounts of financial assets and financial liabilities, as reported in the financial statements, approximate their respective fair values.

The carrying amount of these financial assets and financial 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 end of the reporting period.

(ii) Fair value of financial instruments by categories that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

	2011		**2010**	
	Carrying amount RM'000	**Fair value** RM'000	**Carrying amount** RM'000	**Fair value** RM'000
Group				
Financial liabilities				
- non current				
Hire purchase payables	466	423	112	109
Bank borrowings				
- secured term loans	-	-	14,096	8,485
- unsecured term loans	-	-	20,000	18,605
Company				
Financial liabilities				
- non current				
Bank borrowings				
- unsecured term loans	-	-	20,000	18,605
Contingent liabilities	44,121	@	52,851	@

@ It is not practical to estimate the fair value of contingent liabilities as disclosed in Note 31 to the financial statements due to the uncertainties of timing, costs and eventual outcome.

36. Comparative Figures

Certain comparative figures have been reclassified where necessary to conform with the current year presentation.

	As previously stated RM'000	**Effect of adopting Amendments to FRS 117** RM'000	**As restated** RM'000
Group			
Statements of financial position			
Non-current assets			
Property, plant and equipment	102,150	2,309	104,459
Prepaid lease payment	2,309	(2,309)	-

37. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 July 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 11 November 2011.