



**NOTES :**

**Note 1 Basis of Preparation**

The quarterly report is unaudited and has been prepared in accordance with revised FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quarterly report should be read in conjunction with the Group’s audited financial statements for the year ended 31 July 2008. These explanatory notes attached to the quarterly report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 July 2008.

**Note 2 Changes in Accounting Policies**

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 July 2008.

The Group has not early adopted the following FRSs and Issues Committee Interpretations which have effective dates as follows:

		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendment to FRS 2	Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting & Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum funding Requirements and their interaction	1 January 2010

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.



**Note 3 Comparatives**

The following comparative amounts have been restated in accordance with FRS133, following the bonus issue on 17 March 2008:

Description of change	As previously stated	(Decrease)	As restated
		Effects of bonus shares issue	
<b>Twelve months ended 31 July 2008</b>			
Earnings per share attributable to equity holders of the Company:			
- Basic (sen)	13.10	(0.03)	13.13

**Note 4 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 July 2008 was not qualified.

**Note 5 Seasonal or Cyclical factors**

Timber operations are, to a certain extent, affected by weather condition especially for logging operations. In addition, the four seasons also had some impact on the buying patterns of traditional buyers of timber products.

**Note 6 Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year-to-date.

**Note 7 Changes in Estimates**

There were no changes in estimates of amounts reported in prior quarters that have a material effect in the current quarter and financial year-to-date.

**Note 8 Debt and Equity Securities**

During the current quarter and financial year-to-date, a total of 194,100 shares and 579,800 shares of RM 1.00 each were respectively purchased and retained as treasury shares. The monthly breakdown of shares bought back for the financial year-to-date were as follows:-

Month	No. of shares	Purchase price per share		Average cost per share (RM)	Total cost (RM)
		Lowest (RM)	Highest (RM)		
October 2008	46,800	1.42	1.58	1.49	69,573
April 2009	338,900	1.58	1.71	1.67	565,473
May 2009	169,100	1.65	1.80	1.77	298,918
June 2009	15,000	1.89	2.25	2.03	30,432
July 2009	10,000	1.95	2.00	1.98	19,759
<b>TOTAL</b>	<b>579,800</b>			<b>1.70</b>	<b>984,155</b>



All the shares purchased to-date were held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965. There has been no resale or cancellation of treasury shares during the period under review.

Apart from the above, there were no issuances and repayments of debt and equity securities for the current quarter and financial year-to-date.

**Note 9 Dividends Paid**

A first and final dividend of 3% less income tax per share, amounting to RM4,251,447 in respect of the financial year ended 31 July 2008, was paid on 18 March 2009 to the depositors whose names appear in the Record of Depositors on 20 February 2009.

**Note 10 Segmental Information**

Segmental revenue and profit before taxation for the current financial year-to-date by the respective operating divisions are as follows:-

	<u>Logging</u>	<u>Manufacturing</u>	<u>Others</u>	<u>Eliminations</u>	<u>Consolidated</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Revenue</b>					
External revenue	204,395	351,533	42,766	-	598,694
Intersegment revenue	155,251	378	20,408	(176,037)	-
Total revenue	<u>359,646</u>	<u>351,911</u>	<u>63,174</u>	<u>(176,037)</u>	<u>598,694</u>
<b>Results</b>					
Operating profit / (loss)	10,050	20,855	(571)	728	31,062
Finance costs					(5,742)
Profit before tax					<u>25,320</u>
Tax					(7,487)
Net profit for the period					<u>17,833</u>

**Note 11 Valuations of Property, Plant and Equipment**

There has been no valuation undertaken for the Group's property, plant and equipment since the last annual financial statements.

**Note 12 Subsequent Events**

There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statement.

**Note 13 Changes in the Composition of the Group**

There were no changes in the composition of the Group in the current quarter under review.



#### **Note 14 Changes in Contingent Liabilities and Contingent Assets**

The contingent liabilities represent corporate guarantees in respect of banking facilities granted to subsidiary companies.

As at 31 July 2009, the amount of banking facilities utilised which were secured by corporate guarantees increased by RM43,861,875 from RM41,569,600 as at 31 July 2008 (last annual balance sheet) to RM85,431,475 as at 31 July 2009.

#### **Note 15 Capital Commitments**

	<b>As at 31.07.2009 RM'000</b>	<b>As at 31.7.2008 RM'000</b>
Authorised and contracted for	15,093	40,941
Authorised but not contracted for	4,543	20,196
	<hr/> 19,636	<hr/> 61,137
Analysed as follows:		
Property, plant and equipment	<hr/> 19,636	<hr/> 61,137
	<hr/> 19,636	<hr/> 61,137

#### **Note 16 Review of Performance**

In the current quarter under review, the Group achieved revenue of RM189.67 million, consistent with the preceding year corresponding quarter's result. The Group recorded higher profit before tax of RM10.88 million and profit after tax of RM8.71 million as compared to RM10.71 million and RM7.29 million respectively in the preceding year corresponding quarter.

For the current financial year-to-date, the Group achieved lower revenue of RM598.69 million, a 1% decrease when compared to revenue of RM603.95 million in the preceding year corresponding period. The Group recorded profit before tax of RM25.32 million and profit after tax of RM17.83 million as compared to profit before tax of RM30.02 million and profit after tax of RM24.82 million in the preceding year corresponding period.

The lower revenue in the current financial year-to-date as compared to the preceding corresponding period was mainly attributable to the lower plywood revenue as a result of lower export sales volume especially in the first two quarters, being partly counteracted by the increase in logs revenue.

The increase in profit before tax in the current quarter as compared to the preceding corresponding quarter was mainly contributed by the logging operations due to higher logs export volume. The decrease in profit before tax in current financial year-to-date as compared to the preceding year corresponding period, was mainly due to lower plywood export sales volume.



**Note 17 Variation in the Quarterly Results Compared to the Results of the Immediate Preceding Quarter**

For the quarter under review, the Group recorded higher profit before tax amounting to RM10.88 million, a tremendous increase of RM5.10 million as compared to RM5.78 million attained in the preceding quarter. The increase in profit before tax was mainly due to increased logs export sales volume and improved plywood export selling price.

**Note 18 Commentary on Prospects**

The global economy has shown some signs of consolidation from the economic downturn. The timber industry is projected to show improvement in terms of demand and selling prices. The Group remains committed to prudent management and cautious in sustaining its performance. The Group will continue taking stringent measures and plans to improve efficiencies and effectiveness of its business operations, concurrent with cost saving measures.

Barring any unforeseen circumstances, the Group's result is expected to be satisfactory for the coming quarters in the new financial year.

**Note 19 Profit Forecast or Profit Guarantee**

The disclosure requirements for explanatory notes on the variation of actual profit after tax and minority interest, and shortfall in profit guarantee are not applicable.

**Note 20 Taxation**

The Group's taxation for the current quarter and financial year-to-date were as follows:

	<b>Current Quarter RM'000</b>	<b>Current Financial Year-To-Date RM'000</b>
Income tax:		
Current period provision	948	6,752
Under/(over) provision in prior years	377	(341)
Deferred tax:		
Current period provision	846	1,076
	<hr/>	<hr/>
	2,171	7,487
	<hr/>	<hr/>

The Group's effective tax rate for the current quarter was lower than the statutory rate mainly due to double deduction claimed on certain eligible expenditure. The Group's effective tax rate for the current financial year-to-date was higher than the statutory rate mainly due to certain expenses not allowable for tax deduction and tax losses in certain subsidiaries unavailable for set off against profitable entities within the Group.



**Note 21 Sale of Unquoted Investments and/or Properties**

There were no sales of unquoted investment and/or properties for the current quarter and financial year-to-date.

**Note 22 Purchase or Disposal of Quoted Securities**

- (a) Purchases and disposals of quoted securities
- (b) Investments in quoted securities

There were no purchase or disposal of quoted securities for the current quarter and financial year-to-date. There were no investments in quoted securities as at 31 July 2009.

**Note 23 Status of Corporate Proposals**

There were no outstanding corporate proposals that have been announced but not completed as at the date of this announcement.

**Note 24 Borrowings and Debt Securities**

	<b>As at 31.07.2009 RM'000</b>	<b>As at 31.7.2008 RM'000</b>
<b>Short term borrowings:</b>		
Unsecured - Revolving credit	30,500	6,000
- Term loans	5,009	5,009
- Overdraft	1	-
Secured - Term loans	3,759	1,048
Secured - Hire purchase payable	27,345	23,553
	<u>66,614</u>	<u>35,610</u>
<b>Long term borrowings:</b>		
Unsecured - Term loans	10,018	15,027
Secured - Term loans	66,171	40,521
- Hire purchase payable	19,955	35,512
	<u>96,144</u>	<u>91,060</u>
<b>Total borrowings</b>	<u>162,758</u>	<u>126,670</u>

There were no borrowings denominated in foreign currency.

**Note 25 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the date of this announcement.

**Note 26 Changes in Material Litigation**

There was no pending material litigation as at the date of this announcement.



**Note 27 Dividend Payable**

The Board of Directors did not declare any dividend for the quarter ended 31 July 2009 (previous corresponding period: Nil).

**Note 28 Earnings Per Share**

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	<b>Current Quarter</b>	<b>Current Financial Year- To-Date</b>
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	8,712	17,833
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,432	188,802
Basic earnings per share (Sen)	4.62	9.45

The comparative basic earnings per share has been restated to take into account the effect of the bonus issue.

(b) Diluted earnings per share

	N/A	N/A
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**Note 29 Authorisation for Issue**

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 September 2009.