



## 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 2009. 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 2009.

### **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 2009.

The Group has not early adopted the following new and revised FRS, Amendments to FRS and 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 101	Presentation of Financial Statements (revised 2009)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement and FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSSs	Contained in the document entitled “Improvements to FRSSs (2009)”	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



**Note 2 Changes in Accounting Policies (continued)**

Effective for  
financial periods  
beginning on or  
after

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 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 July 2009 was not qualified.

**Note 4 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 5 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 6 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 7 Debt and Equity Securities**

During the current quarter and financial year-to-date, a total of 88,700 shares and 212,700 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)		
September 2009	114,100	1.85	2.07	1.95	222,780
October 2009	9,900	1.96	2.09	2.01	19,874
November 2009	42,800	1.94	2.01	1.98	84,939
December 2009	34,000	2.00	2.02	2.03	68,984
January 2010	11,900	1.90	1.98	1.93	23,016
<b>TOTAL</b>	<b>212,700</b>			<b>1.97</b>	<b>419,593</b>



**Note 7 Debt and Equity Securities (continued)**

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 8 Dividends Paid**

There was no dividend paid during the current quarter and financial year-to-date.

**Note 9 Segmental Information**

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

	<b>Logging &amp; Reforestation</b>	<b>Manufacturing</b>	<b>Others</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>					
External revenue	156,092	187,805	2,777	-	346,674
Intersegment revenue	96,952	660	9,568	(107,180)	-
Total revenue	<u>253,044</u>	<u>188,465</u>	<u>12,345</u>	<u>(107,180)</u>	<u>346,674</u>
<b>Results</b>					
Operating profit	9,341	9,249	1,954	-	20,544
Finance costs					(2,089)
Profit before tax					<u>18,455</u>
Tax					(5,057)
Net profit for the period					<u>13,398</u>

**Note 10 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 11 Subsequent Events**

On 2 February 2010, the Company had completed the acquisition of the entire five hundred thousand (500,000) ordinary shares of RM1.00 each in the capital of Saraju Holding Sdn. Bhd.

**Note 12 Changes in the Composition of the Group**

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



**Note 13 Changes in Contingent Liabilities and Contingent Assets**

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

The amount of banking facilities utilised which were secured by corporate guarantees increased by RM1,177,450 from RM85,431,475 as at 31 July 2009 (last annual balance sheet) to RM86,608,925 as at 31 January 2010.

**Note 14 Capital Commitments**

	<b>As at 31.01.2010 RM'000</b>	<b>As at 31.7.2009 RM'000</b>
Authorised and contracted for	6,744	15,108
Authorised but not contracted for	4,144	4,543
	<u>10,888</u>	<u>19,651</u>
Analysed as follows:		
Property, plant and equipment	10,888	19,651
	<u>10,888</u>	<u>19,651</u>

**Note 15 Review of Performance**

In the current quarter under review, the Group achieved higher revenue of RM184.26 million, an increase of RM70.02 million or 61% as compared to RM114.24 million in the preceding year corresponding quarter. The Group recorded tremendous result by achieving higher profit before tax of RM8.32 million and profit after tax of RM6.33 million as compared to RM0.10 million and RM0.26 million respectively in the preceding year corresponding quarter.

For the current financial year-to-date, the Group achieved higher revenue of RM346.67 million, a 37% increase when compared to revenue of RM252.33 million in the preceding year corresponding period. The Group recorded profit before tax of RM18.46 million and profit after tax of RM13.40 million as compared to profit before tax of RM8.66 million and profit after tax of RM3.44 million in the preceding year corresponding period.

The increase in revenue in the current quarter and financial year-to-date as compared to the corresponding period was mainly attributable to higher export sales volume for logs, plywood and sawn timber. The increase in profit before tax in the current quarter and financial year-to-date as compared to preceding year corresponding period was mainly due to higher profit derived from the forest operations, which was in turn due to higher export sales volume.



**Note 16 Variation in the Quarterly Results Compared to the Results of the Immediate Preceding Quarter**

For the quarter under review, the Group recorded lower profit before tax amounting to RM8.32 million, a decrease of RM1.81 million as compared to RM10.13 million attained in the preceding quarter. The decrease in profit before tax was mainly due to lower plywood export selling price.

**Note 17 Commentary on Prospects**

Timber prices are expected to improve with the positive gross domestic product (GDP) growth and continued firm demand for timber in India and China. The Logging division will continue to contribute positively to the Group. The Group will continue to strengthen its marketing strategies and further improve efficiencies and effectiveness of its business operations.

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the remaining quarters of the financial year.

**Note 18 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 19 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	3,026	5,958
Deferred tax:		
Current period provision	(1,032)	(901)
	<u>1,994</u>	<u>5,057</u>

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 20 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 21 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 January 2010.

**Note 22 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 23 Borrowings and Debt Securities**

	<b>As at 31.01.2010 RM'000</b>	<b>As at 31.7.2009 RM'000</b>
<b>Short term borrowings:</b>		
Unsecured - Revolving credit	15,500	30,500
- Term loans	5,009	5,009
- Bankers' acceptance	10,673	-
Secured - Term loans	3,071	3,759
Secured - Hire purchase payable	21,032	27,345
	<u>55,285</u>	<u>66,613</u>
<b>Long term borrowings:</b>		
Unsecured - Term loans	7,513	10,018
Secured - Term loans	68,038	66,171
- Hire purchase payable	13,353	19,955
	<u>88,904</u>	<u>96,144</u>
<b>Total borrowings</b>	<u>144,189</u>	<u>162,757</u>

There were no borrowings denominated in foreign currency.

**Note 24 Off Balance Sheet Financial Instruments**

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

**Note 25 Changes in Material Litigation**

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

**Note 26 Dividend Payable**

The Board of Directors did not declare any dividend for the quarter ended 31 January 2010 (previous corresponding period: Nil).



**Note 27 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)	6,326	13,398
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,245	188,299
Basic earnings per share (Sen)	3.36	7.12

(b) Diluted earnings per share

N/A

N/A

**Note 28 Authorisation for Issue**

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 March 2010.