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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	1 January 2010
Amendments to FRSs	Contained in the document entitled “Improvements to FRSs (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
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010



Note 2 Changes in Accounting Policies (cont'd)

		Effective for financial periods beginning on or after
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation -Classification of Right Issues	1 March 2010
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (revised)	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12	Service Concession Agreements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of Net Investment in Foreign Operation	1 July 2010
IC Interpretation 17	Distribution of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011

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 1,000 shares and 213,700 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
April 2010	1,000	2.20	2.20	2.24	2,244
TOTAL	213,700			1.97	421,837

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

A first and final dividend of 4% per share, less 25% income tax in respect of the financial year ended 31 July 2009, amounting to RM5,645,225 was paid on 24 March 2010 to the depositors whose names appear in the Record of Depositors on 25 February 2010.

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:-

	Logging & Reforestation	Manufacturing	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	234,584	270,996	5,217	-	510,797
Intersegment revenue	142,436	853	13,832	(157,121)	-
Total revenue	<u>377,020</u>	<u>271,849</u>	<u>19,049</u>	<u>(157,121)</u>	<u>510,797</u>



Note 9 Segmental Information (cont'd)

	Logging & Reforestation	Manufacturing	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Results					
Operating profit	17,166	14,487	2,178	-	33,831
Finance costs					(3,011)
Profit before tax					30,820
Tax					(6,984)
Net profit for the period					23,836

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

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

Note 12 Changes in the Composition of the Group

On 2 February 2010, the Company acquired 500,000 ordinary shares of RM1 each, which represented 100% of the total issued and paid-up share capital of Saraju Holding Sdn. Bhd., for a total cash consideration of RM17,500,000.

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 RM2,921,299 from RM85,431,475 as at 31 July 2009 (last annual balance sheet) to RM88,352,774 as at 30 April 2010.

Note 14 Capital Commitments

	As at 30.04.2010 RM'000	As at 31.7.2009 RM'000
Authorised and contracted for	6,581	15,108
Authorised but not contracted for	3,143	4,543
	9,724	19,651
Analysed as follows:		
Property, plant and equipment	9,724	19,651
	9,724	19,651



Note 15 Review of Performance

In the current quarter under review, the Group achieved higher revenue of RM164.12 million, an increase of 5% as compared to RM156.70 million in the preceding year corresponding quarter. The Group recorded outstanding result by achieving higher profit before tax of RM12.36 million and profit after tax of RM10.44 million as compared to RM5.78 million and RM5.68 million respectively in the preceding year corresponding quarter.

For the current financial year-to-date, the Group achieved improved revenue of RM510.80 million, an increase of 25% when compared to RM409.02 million in the preceding year corresponding period. Profit before tax and after tax in the current financial year-to-date rose to RM30.82 million and RM23.84 million respectively from RM14.44 million and RM9.12 million registered 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 and particleboard. 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 and plywood operations as a result of increase in export sales volume for logs and average selling price for plywood respectively.

Note 16 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 RM12.36 million, an increase of 49% or RM4.04 million as compared to RM8.32 million attained in the preceding quarter. The increase in profit before tax in the current quarter was mainly due to higher profit derived from the forest operations resulting from higher export sales volume.

Note 17 Commentary on Prospects

The market outlook for the timber market is expected to be positive with firm demand for logs in India and China in line with the expansion in their infrastructure and housing sectors. The Group will continue to implement appropriate measures and plans to improve efficiencies and effectiveness of its business operations, concurrent with strengthened marketing strategies.

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the remaining quarter 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:

	Current Quarter RM'000	Current Financial Year-To-Date RM'000
Income tax:		
Current period provision	2,350	8,307
Deferred tax:		
Current period provision	(423)	(1,323)
	<u>1,927</u>	<u>6,984</u>

The Group's effective tax rate for the current quarter and financial year-to-date was lower than the statutory rate mainly due to double deduction claimed on certain eligible expenditure.

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 30 April 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

	As at 30.04.2010 RM'000	As at 31.7.2009 RM'000
Short term borrowings:		
Unsecured - Revolving credit	15,500	30,500
- Term loans	5,009	5,009
- Bankers' acceptance	17,668	-
Secured - Term loans	4,405	3,759
Secured - Hire purchase payable	17,223	27,345
	<u>59,805</u>	<u>66,613</u>



Note 23 Borrowings and Debt Securities (cont'd)

	As at 30.04.2010 RM'000	As at 31.7.2009 RM'000
Long term borrowings:		
Unsecured - Term loans	6,260	10,018
Secured - Term loans	68,448	66,171
- Hire purchase payable	9,847	19,955
	84,555	96,144
Total borrowings	144,360	162,757

There were no borrowings denominated in foreign currency.

Note 24 Off Balance Sheet Financial Instruments

The Group has entered into forward foreign exchange contracts to limit its exposure on foreign currency receipts and payments, when it is deemed necessary.

As at 30 April 2010, the notional value and maturity analysis of the outstanding foreign exchange contracts of the Group were as follows:

Type of Derivatives	Contract/ Notional Value (RM'000)
Forward foreign exchange contract	
USD	
- less than 1 year	6,434
JPY	
- less than 1 year	445

There was no significant change for the financial derivatives in respect of the followings since the last financial year ended 31 July 2009:

- (a) the credit risk, market risk and liquidity risk associated with these financial derivatives;
- (b) the cash requirements of the derivatives;
- (c) the policies in place for mitigating or controlling the risks associated with these financial derivative; and
- (d) the related accounting policies.

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 30 April 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.

	Current Quarter	Current Financial Year- To-Date
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	10,438	23,836
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,207	188,269
Basic earnings per share (Sen)	5.55	12.66

(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 25 June 2010.