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Note 1 Basis of Preparation

The quarterly report is unaudited and has been prepared in accordance with 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 2012. 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 2012.

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 2012, except for the adoption of the following standards and amendments and interpretations which are relevant to the Group for the financial year beginning 1 August 2012 :

- Amendments to FRS 7: Disclosures - Transfers of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124: Related Party Disclosures
- Amendments to FRS 101: Presentation of Item of Other Comprehensive Income

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

Note 3 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 July 2012 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.

