Balance Sheets as at 31 July 2010 (contd.)

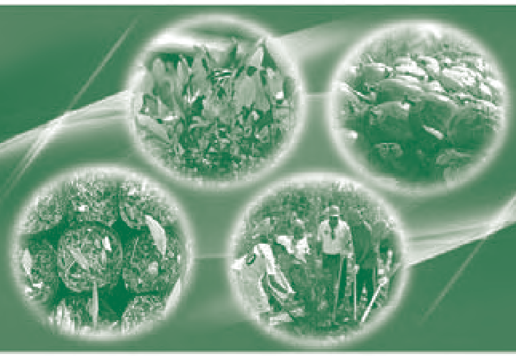
	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Non-Current Liabilities					
Borrowings	20	78,697,403	96,144,229	11,790,842	29,972,509
Deferred tax liabilities	25	30,651,355	19,410,306	8,699,000	7,552,000
		109,348,758	115,554,535	20,489,842	37,524,509
Current Liabilities					
Borrowings	20	56,248,476	66,613,028	19,564,688	47,354,273
Trade and other payables	22	120,804,923	114,316,958	75,755,202	60,410,961
Tax payables		1,155,428	2,786,615	201,290	2,709,881
		178,208,827	183,716,601	95,521,180	110,475,115
Total Liabilities		287,557,585	299,271,136	116,011,022	147,999,624
TOTAL EQUITY AND LIABILITIES		893,300,274	881,092,498	628,868,126	641,296,079

The accompanying notes form an integral part of the financial statements.

Consolidated Statement
of Changes in Equity For the Year Ended 31 July 2010

	Note	Share capital (Note 23)	← Non-Distributable → Share premium	Treasury shares (Note 23)	Distributable Retained earnings (Note 24)	Total
		RM	RM	RM	RM	RM
At 1 August 2008		209,000,000	59,679,744	(53,570,468)	354,114,712	569,223,988
Purchase of treasury shares		-	-	(984,155)	-	(984,155)
Profit for the year		-	-	-	17,832,976	17,832,976
Dividends	10	-	-	-	(4,251,447)	(4,251,447)
At 31 July 2009		209,000,000	59,679,744	(54,554,623)	367,696,241	581,821,362
Purchase of treasury shares		-	-	(433,539)	-	(433,539)
Profit for the year		-	-	-	30,001,091	30,001,091
Dividends	10	-	-	-	(5,646,225)	(5,646,225)
At 31 July 2010		209,000,000	59,679,744	(54,988,162)	392,051,107	605,742,689

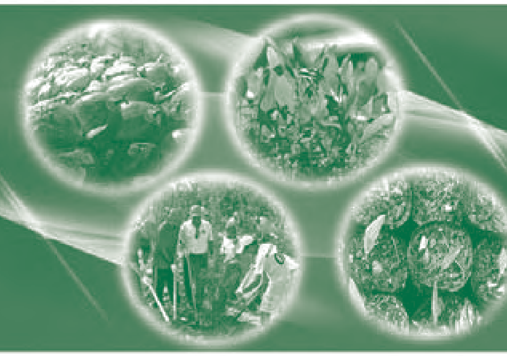
The accompanying notes form an integral part of the financial statements.



Company Statement
of Changes in Equity For the Year Ended 31 July 2010

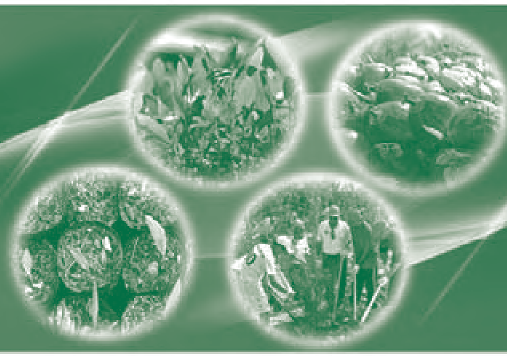
		← Non-Distributable →			Distributable	
	Note	Share capital (Note 23)	Share premium	Treasury shares (Note 23)	Retained earnings (Note 24)	Total
		RM	RM	RM	RM	RM
At 1 August 2008		209,000,000	59,679,744	(53,570,468)	111,244,138	326,353,414
Profit for the year		-	-	-	172,178,643	172,178,643
Dividends	10	-	-	-	(4,251,447)	(4,251,447)
Purchase of treasury shares		-	-	(984,155)	-	(984,155)
At 31 July 2009		209,000,000	59,679,744	(54,554,623)	279,171,334	493,296,455
Profit for the year		-	-	-	25,640,413	25,640,413
Dividends	10	-	-	-	(5,646,225)	(5,646,225)
Purchase of treasury shares		-	-	(433,539)	-	(433,539)
At 31 July 2010		209,000,000	59,679,744	(54,988,162)	299,165,522	512,857,104

The accompanying notes form an integral part of the financial statements.



Cash Flow Statements
For the Year Ended 31 July 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash Flows from Operating Activities					
Profit before tax		46,332,335	25,319,802	34,063,594	192,777,621
Adjustments for:					
Amortisation of intangible assets	5	15,975,088	19,558,390	13,723,276	13,723,277
Amortisation of prepaid land lease	5	1,121,896	899,208	52,184	51,508
Depreciation of property, plant and equipment	5	54,124,319	51,055,494	27,813,805	25,329,531
Depreciation of investment properties	5	873,542	871,303	-	-
Impairment of property, plant and equipment	5	157,260	-	-	-
Impairment of investment to subsidiary		-	-	4,399,999	-
Property, plant and equipment written off	5	61,320	535,606	-	527
Provision for doubtful debts	5	73,199	-	4,046,105	-
Gain on disposal of property, plant and equipment	5	(122,616)	(139,359)	(108,423)	(120,091)
Reversal of inventory write down	5	(1,703,526)	(592,040)	-	-
Unrealised foreign exchange gain/(loss)	5	(64,582)	269,355	(55,386)	53,326
Written off of advance	5	500,000	-	-	-
Interest expense	4	4,066,180	5,753,763	2,323,263	3,744,638
Interest income	5	(484,482)	(1,393,993)	(903,638)	(322,937)
Operating profit before working capital changes		120,909,933	102,137,529	85,354,779	235,237,400
(Increase)/decrease in inventories		(33,324,846)	(15,030,898)	6,470,361	(7,295,166)
Decrease/(increase) in trade and other receivables		14,754,713	(12,506,128)	(14,250,798)	(6,478,442)
Increase/(decrease) in trade and other payables		5,150,093	(15,381,653)	15,399,627	(98,081,118)
Cash generated from operations		107,489,893	59,218,850	92,973,969	123,382,674
Interest paid		(6,230,168)	(7,522,035)	(2,323,263)	(3,719,638)
Tax paid net of tax refund		(10,828,717)	(2,551,350)	(9,313,326)	(4,652,042)
Net cash generated from operating activities		90,431,008	49,145,465	81,337,380	115,010,994

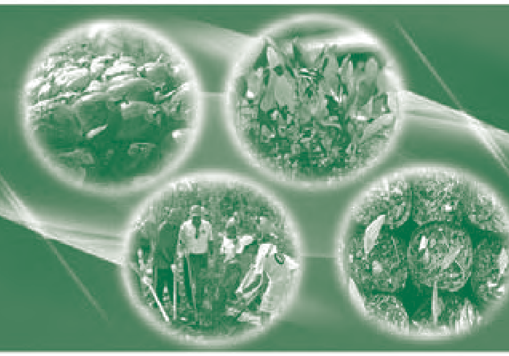


Cash Flow Statements
For the Year Ended 31 July 2010 (contd.)

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash Flows from Investing Activities					
Purchase of treasury shares	23	(433,539)	(984,155)	(433,539)	(984,155)
Addition of investment in subsidiaries	14	(17,527,170)	-	(17,529,250)	(68,810,523)
Purchase of investment properties	13	(30,140)	-	-	-
Purchase of property, plant and equipment		(53,968,604)	(68,607,433)	(13,485,668)	(14,706,486)
Addition of prepaid land lease	12	(3,951,915)	(416,576)	-	-
Proceeds from disposal of property, plant and equipment		803,058	1,276,261	809,423	382,265
Interest received		484,482	1,393,993	361,915	53,942
Net cash used in investing activities		(74,623,828)	(67,337,910)	(30,277,119)	(84,064,957)
Cash Flows from Financing Activities					
Repayment of revolving credit		(15,000,000)	(10,000,000)	(15,000,000)	(10,000,000)
Repayment of bankers' acceptances		(56,562,561)	(10,657,000)	-	-
Proceed from bankers' acceptances		72,120,561	10,657,000	-	-
Proceeds from drawdown of hire purchase financing		-	5,789,250	-	5,789,250
Proceeds from drawdown of term loan		6,379,830	29,833,867	-	-
Repayment of hire purchase liabilities		(27,684,282)	(26,794,366)	(27,684,282)	(26,794,366)
Proceeds from revolving credit		-	34,500,000	-	19,000,000
Repayment of term loan		(8,786,926)	(6,481,961)	(5,008,970)	(5,008,969)
Dividends paid		(5,646,225)	(4,251,447)	(5,646,225)	(4,251,447)
Net cash (used in)/generated from financing activities		(35,179,603)	22,595,343	(53,339,477)	(21,265,532)
Net (Decrease)/Increase in Cash and Cash Equivalents		(19,372,423)	4,402,898	(2,279,216)	9,680,505
Cash and Cash Equivalents at Beginning of Year		69,461,962	65,059,064	12,066,791	2,386,286
Cash and Cash Equivalents at End of Year	19	50,089,539	69,461,962	9,787,575	12,066,791

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements
- 31 July 2010



1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities. The registered office of the Company is located at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C. D. T. 123, 96000 Sibu, Sarawak, Malaysia.

The principal activities of the Company are investment holding, extraction and sale of logs, manufacturing and sale of sawn timber. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 November 2010.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis. The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit and loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(a) Subsidiaries and Basis of Consolidation (contd.)

(ii) Basis of Consolidation (contd.)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

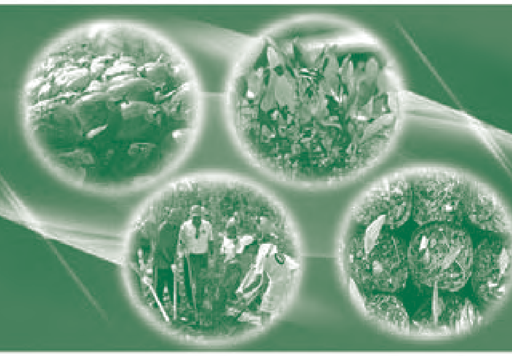
Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Notes to the Financial Statements
- 31 July 2010



2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(b) Intangible Assets (contd.)

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Rights in Timber Licence

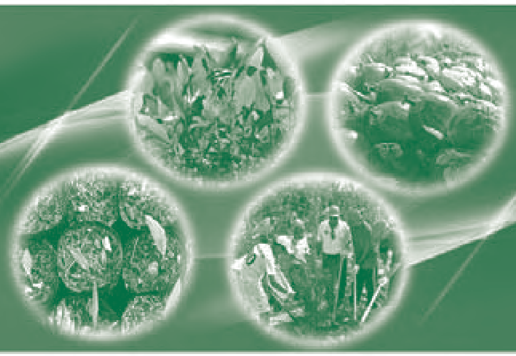
Rights in timber licence are expenditure incurred in respect of acquisition of timber licences and are amortised on a straight line basis over the remaining tenure of the licence periods, which range from 7 to 15 years.

Computer Softwares and Licences

The computer software and licences cost are amortised using the straight-line method over their estimated useful lives of 10 years.

(c) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.



2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(c) Property, Plant and Equipment, and Depreciation (contd.)

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Capital work-in-progress is not depreciated until they are put into use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Watercrafts, tractors, trucks and motor vehicles	10% - 25%
Plant and machinery	7.5% - 20%
Infrastructure facilities	5% - 10%
Furniture, fittings and equipment	5% - 20%
Computer hardware	10% - 20%

New planting expenditure incurred on land clearing, planting, upkeep of immature oil palms, direct administrative expenses and financing costs up to maturity are capitalised under plantation development expenditure and is amortised on a straight-line basis over 25 years, the expected useful life of oil palms. Oil palm is considered mature 36 months after the month of planting. Upon maturity, all subsequent maintenance expenditure is charged to the income statement.

Replanting expenditure is also capitalised as oil palm development expenditure and amortised on the same basis.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(d) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the Financial Statements
- 31 July 2010

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(d) Investment Properties (contd.)

Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Leasehold lands are depreciated over the period of the leases which range from 5 years to 908 years.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of investment properties.

An item of investment properties is derecognised upon disposal or when no future economic benefits are expected from its use of disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit and loss.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and general stores is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, labour costs and production overheads based on normal level of activity. The standard cost is adjusted to actual cost by prorating the price variance between actual and standard cost into finished goods and work-in-progress.

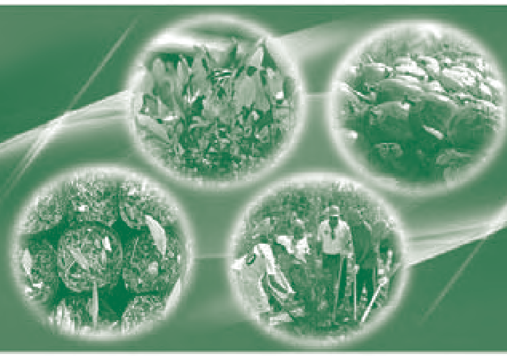
Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred on marketing, selling and distribution.

(f) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(d)); and



Notes to the Financial Statements
- 31 July 2010

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(f) Leases (contd.)

(i) Classification (contd.)

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss 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.

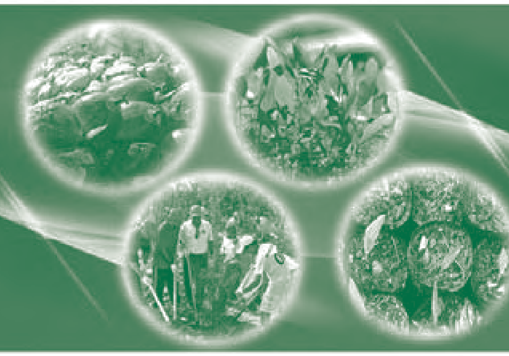
The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term ranging from 15 to 184 years.

Notes to the Financial Statements
- 31 July 2010



2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(f) Leases (contd.)

(iv) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(g) Income Tax

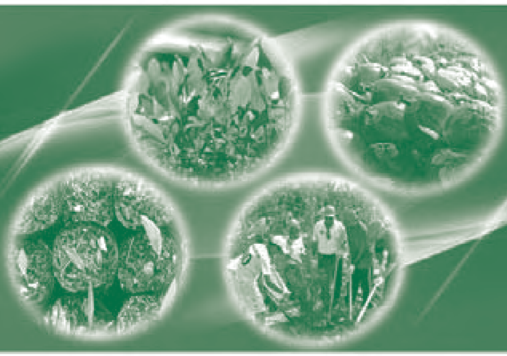
Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, 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 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 is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised 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 the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(h) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.



2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(i) Employee Benefits

(i) Short term benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Revenue from supply of electricity

Revenue from supply of electricity is recognised upon the transmission of electricity.

(iii) Contract fee

Contract fee from timber extraction and reforestation operations are recognised in the income statement based on the volume of logs extracted and area planted respectively.

(iv) Dividend income

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

(v) Revenue from towage and transportation

Revenue from towage and transportation are recognised net of discount as and when the services are performed.

Notes to the Financial Statements
- 31 July 2010

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(k) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(l) Impairment of Non-Financial Assets

The carrying amounts of assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill 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 other than goodwill 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 other than goodwill is recognised in profit or loss.

(m) 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs incurred in connection with borrowings are charged to the income statement as an expense in the period in which they are incurred.

Notes to the Financial Statements
- 31 July 2010

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of cash flow statements, cash and cash equivalents include cash and bank balance, deposits at call and short-term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

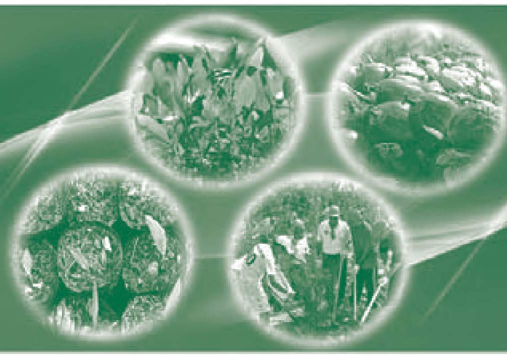
Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.



Notes to the Financial Statements
- 31 July 2010

2. Significant Accounting Policies (contd.)

2.2 Summary of Significant Accounting Policies (contd.)

(n) Financial Instruments (contd.)

(v) Equity instruments (contd.)

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(vi) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements on inception.

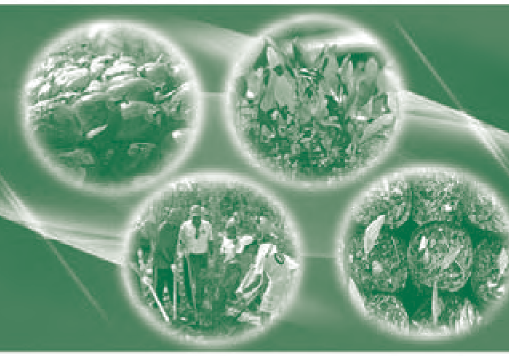
Forward foreign exchange contracts:

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

(o) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of economic 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 each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements
- 31 July 2010



2. Significant Accounting Policies (contd.)

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2009, the Group adopted new FRS 8: Operating Segments which is mandatory for annual financial periods beginning on or after 1 July 2009. Adoption of FRS 8 did not have any effect on the financial performance or position of the Group except for those discussed below:

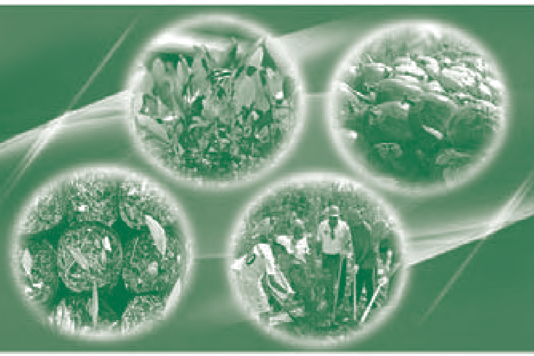
FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114 except for cultivation of oil palm recognised as reportable operating segment under plantation segment and tree planting (reforestation) has been reclassified to logging segment. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 32 to the financial statements.

2.4 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

Effective for financial periods beginning on or after 1 January 2010

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- 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
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- 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 'Improvements to FRSs (2009)'
- 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
- TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions



2. Significant Accounting Policies (contd.)

2.4 Standards issued but not yet effective (contd.)

Effective for financial periods beginning on or after 1 March 2010

- Amendments to FRS 132: Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- 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
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

- Amendments to FRS 1: Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-based Payment
- IC Interpretation 4: Determining whether an Arrangement contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- Technical Release 3: Guidance on Disclosures of Transition to IFRSs
- Technical Release i-4: Shariah Compliant Sale Contracts

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

Notes to the Financial Statements
- 31 July 2010

2. Significant Accounting Policies (contd.)

2.4 Standards issued but not yet effective (contd.)

FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended) (contd.)

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

2. Significant Accounting Policies (contd.)

2.4 Standards issued but not yet effective (contd.)

Amendments to FRSs 'Improvements to FRSs (2009)'

- FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group and the Company is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group and the Company shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group and the Company is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group and the Company is currently in the process of assessing the impact of this amendment.

- FRS 140 Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The Group and the Company has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

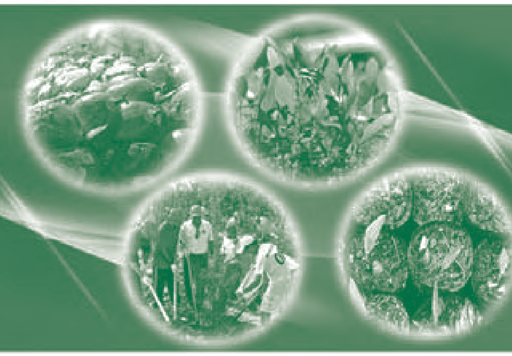
In the process of applying the Company's accounting policies, which are described in Note 2.2 above, the management of the Company is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amount recognised in the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Deferred tax assets

Deferred tax assets are recognised for all unutilised investment tax allowances ("ITA") to the extent that it is probable that taxable profit will be available against which the ITA can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised ITA of the Group was RM49,732,000 (2009: RM59,576,000).



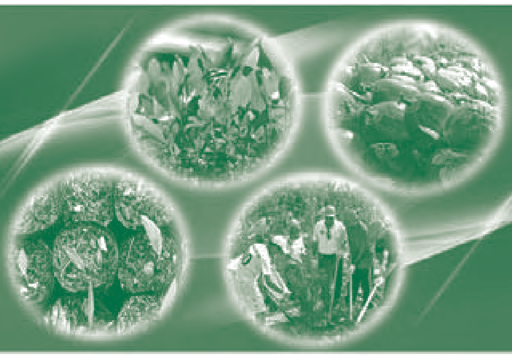
Notes to the Financial Statements
- 31 July 2010

3. Revenue

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Sale of logs	246,840,409	187,961,366	417,234,577	331,444,877
Sale of plywood	213,251,646	228,107,011	-	-
Sale of raw and laminated particleboard	62,932,425	63,453,172	-	-
Sale of sawn timber, finger joint moulding and by-products	83,042,701	61,014,040	14,414,220	13,683,629
Contract fee from timber extraction and reforestation	65,099,872	56,217,113	3,975,930	3,301,229
Dividend income	-	-	12,417,421	176,560,366
Sales of fresh fruit bunch	8,330,838	1,148,121	-	-
Others	355,204	490,688	-	-
	679,853,095	598,391,511	448,042,148	524,990,101

4. Finance Cost

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Interest expense on:				
Bank borrowings	4,025,812	4,671,612	507,232	641,149
Hire purchase liabilities	1,816,031	2,850,423	1,816,031	3,103,489
	5,841,843	7,522,035	2,323,263	3,744,638
Less: Interest capitalised in plantation development expenditure (Note 11)	(1,212,593)	(1,515,206)	-	-
Power plant-in-progress	(563,070)	(253,066)	-	-
Net interest expense	4,066,180	5,753,763	2,323,263	3,744,638



5. Profit Before Tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Employee benefits expense (Note 6)	57,763,584	66,378,692	22,548,139	31,712,273
Non-executive directors' remuneration (Note 7)				
- fees	317,500	311,331	200,000	200,000
- other emoluments	336,000	336,000	240,000	240,000
Auditors' remuneration				
- current year	151,000	132,600	36,000	34,000
- under/(over) provided in prior year	2,000	5,800	(4,000)	-
- other services	8,000	8,000	8,000	8,000
Amortisation of intangible assets (Note 15)	15,975,088	19,558,390	13,723,276	13,723,277
Amortisation of prepaid land lease payments (Note 12)	1,121,896	899,208	52,184	51,508
Provision for doubtful debts	73,199	-	4,046,105	-
Depreciation of property, plant and equipment (Note 11)	54,124,319	51,055,494	27,813,805	25,329,531
Depreciation of investment properties (Note 13)	873,542	871,303	-	-
Property, plant and equipment written off	61,320	535,606	-	527
Rental of				
- buildings	125,080	102,330	55,500	36,300
- land	485,090	527,530	192,890	202,080
- equipment and vehicles	145,610	182,353	111,067	96,225
Impairment of property, plant and equipment	157,260	-	-	-
Impairment of investment in subsidiary	-	-	4,399,999	-
Unrealised foreign exchange (gain)/loss	(64,582)	269,355	(55,386)	53,326
Reversal of inventory write down	(1,703,526)	(592,040)	-	-
Interest income	(484,482)	(1,393,993)	(903,638)	(322,937)
Net realised foreign exchange gain	(3,236,752)	(3,843,839)	(1,511,227)	(1,462,370)
Gain on disposal of property, plant and equipment	(122,616)	(139,359)	(108,423)	(120,091)
Rental income	(485,650)	(473,400)	(235,200)	(235,200)
Written off of advances	500,000	-	-	-
	========	========	========	========

Notes to the Financial Statements
- 31 July 2010

6. Employee Benefits Expense

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Wages, salaries and bonus	43,909,317	51,681,422	19,909,181	28,079,795
Contribution to defined contribution plan	3,886,433	4,851,928	2,022,618	2,826,028
Other benefits	9,967,834	9,845,342	616,340	806,450
	57,763,584	66,378,692	22,548,139	31,712,273

Included in employee benefits expense of the Group and of the Company is an executive director's remuneration amounting to RM2,703,300 (2009: RM3,012,600) and RM2,641,800 (2009: RM2,952,600) respectively as further disclosed in Note 7.

7. Directors' Remuneration

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Director of the Company:				
Executive directors' remuneration (Note 6)				
- fees	72,500	71,000	35,000	35,000
- salaries, bonus and other emoluments	2,351,500	2,629,000	2,327,500	2,605,000
- contribution to defined contribution plan	279,300	312,600	279,300	312,600
	2,703,300	3,012,600	2,641,800	2,952,600
Non-executive directors' remuneration (Note 5)				
- fees	238,500	232,331	200,000	200,000
- other emoluments	264,000	264,000	240,000	240,000
	502,500	496,331	440,000	440,000

7. Directors' Remuneration (contd.)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Directors of subsidiaries:				
Non-executive directors' remuneration (Note 5)				
- fees	79,000	79,000	-	-
- other remuneration	72,000	72,000	-	-
	151,000	151,000	-	-
Total (Note 26)	3,356,800	3,659,931	3,081,800	3,392,600
	=========	=========	=========	=========

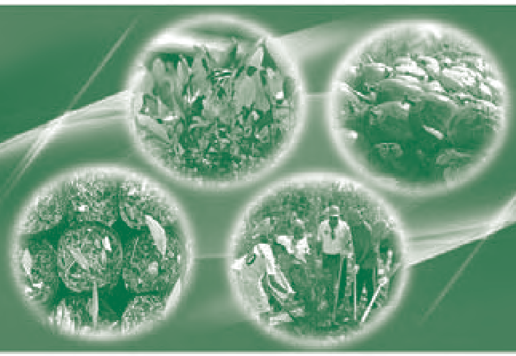
The number of directors of the Company whose total remuneration received from the Group during the financial year fell within the following bands is analysed below:

	Number of directors	
	2010	**2009**
Executive director:		
RM2,700,001 - RM2,750,000	1	-
RM3,000,001 - RM3,050,000	-	1
Non-executive directors:		
Less than RM50,000	3	3
RM50,001 - RM100,000	1	1
RM250,001 - RM300,000	1	1
	======	=====

Notes to the Financial Statements
- 31 July 2010

8. Income Tax Expense

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Income tax:				
Current year provision	9,494,531	6,753,903	7,445,000	19,543,000
Overprovision in prior years	(68,777)	(342,950)	(168,819)	(357,022)
	9,425,754	6,410,953	7,276,181	19,185,978
Deferred tax (Note 25):				
- Relating to origination and reversal of temporary differences	5,573,048	1,989,560	1,036,000	1,086,000
- Under/(over) provided in prior years	1,332,442	(905,921)	111,000	327,000
- Relating to changes in tax rates	-	(7,766)	-	-
	6,905,490	1,075,873	1,147,000	1,413,000
	16,331,244	7,486,826	8,423,181	20,598,978



Notes to the Financial Statements
- 31 July 2010

8. Income Tax Expense (contd.)

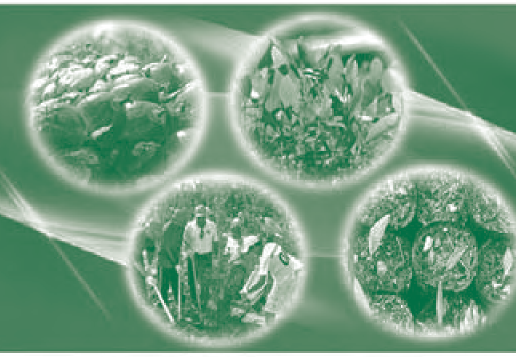
Current income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

An explanation of the relationship between tax expense and accounting profit can also be presented in the form of a numerical reconciliation between the average effective tax rate and the applicable tax rate as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	%	%	%	%
Statutory tax rate	25	25	25	25
Effect of income not subject to tax	-	(3)	(8)	(16)
Effect of expenses not deductible for tax purposes	9	21	20	3
Effect of expenses eligible for double deduction	(4)	(14)	-	-
Effect of group relief from transfer of losses from subsidiaries	-	-	(12)	(1)
Overprovision of income tax expense in prior year	-	(1)	(1)	(1)
Under/(over) provision of deferred tax expense in prior years	3	(4)	1	1
Deferred tax assets not recognised in respect of deductible temporary differences	-	2	-	-
Deferred tax not recognised on unabsorbed tax losses and unutilised capital allowances	2	4	-	-
Average effective tax rate	35	30	25	11

The Company tax charge for the year has been reduced by RM3,964,000 because of the losses surrendered by its subsidiaries. No payment for this surrender is to be made by the Company.

Notes to the Financial Statements
- 31 July 2010



9. Earnings Per Share

(a) Basic

Basic earnings per share amount is calculated by dividing the profit of the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company:

	2010 RM	**2009** RM
Profit for the year attributable to equity holders of the Company (RM)	30,001,091	17,832,976
Weighted average number of ordinary shares in issue	188,253,291	188,802,425
Basic earnings per share (sen)	15.9	9.5
	=========	=========

(b) Diluted

The Group has no potential ordinary shares in issue for the year under review, therefore diluted earnings per share has not been presented.

10. Dividends

	Dividends in respect of Year		**Dividends Recognised in Year**	
	2009 RM	**2008** RM	**2010** RM	**2009** RM
Recognised during the year:				
First and final dividend 2009: 4 sen per share, less 25% taxation on 188,207,500 ordinary shares	5,646,225	-	5,646,225	-
	========	========	========	========
Final dividend for 2008: 3 sen per share, less 25% taxation on 188,953,200 ordinary shares	-	4,251,447	-	4,251,447
	========	========	========	========

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 July 2010, of 4% less 25% taxation (3 sen net per ordinary share), will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2011.

Notes to the Financial Statements
- 31 July 2010

11. Property, Plant and Equipment

Group	Freehold land	Buildings	Plantation development expenditure	Watercrafts, tractors, trucks and motor vehicles	Plant and machinery	Infrastructure facilities	Furniture, fittings and equipment	Computer hardware and software	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 July 2010										
Cost										
At 1 August 2009	162,260	154,631,032	62,540,684	228,961,524	331,656,285	65,288,458	16,069,173	6,051,803	27,474,713	892,835,932
Additions	-	49,786	22,471,928	9,370,487	2,557,261	2,674,010	632,344	493,839	19,195,298	57,444,953
Disposals	-	(33,064)	-	(365,348)	(1,192,552)	-	(4,535)	(750)	-	(1,596,249)
Written off	-	(693,423)	-	(134,401)	(235,735)	-	(23,867)	-	-	(1,087,426)
Transfer	-	266,739	-	3,622,040	2,411,153	260,116	81,594	285,069	(6,926,711)	-
At 31 July 2010	162,260	154,221,070	85,012,612	241,454,302	335,196,412	68,222,584	16,754,709	6,829,961	39,743,300	947,597,210
	=======	=========	=========	=========	=========	========	========	========	=========	=========
Accumulated Depreciation and Impairment Losses										
At 1 August 2009										
Accumulated depreciation	4,999	70,949,124	-	68,943,660	237,645,889	34,362,515	10,399,496	4,725,103	-	427,030,786
Accumulated impairment losses	-	-	-	-	4,699,289	-	-	-	-	4,699,289
At 1 August 2009	4,999	70,949,124	-	68,943,660	242,345,178	34,362,515	10,399,496	4,725,103	-	431,730,075

Notes to the Financial Statements
- 31 July 2010

11. Property, Plant and Equipment (contd.)

Group (contd.)	**Freehold land** RM	**Buildings** RM	**Plantation development expenditure** RM	**Watercrafts, tractors, trucks and motor vehicles** RM	**Plant and machinery** RM	**Infrastructure facilities** RM	**Furniture, fittings and equipment** RM	**Computer hardware and software** RM	**Capital work-in-progress** RM	**Total** RM
At 31 July 2010 (contd.)										
Accumulated Depreciation and Impairment Losses (contd.)										
Depreciation charge for the year	-	4,976,126	625,883	22,565,279	15,031,548	9,361,539	1,404,178	526,505	-	54,491,058
Charge to income statement (Note 5)	-	4,976,126	625,883	22,562,960	14,698,007	9,347,574	1,387,264	526,505	-	54,124,319
Capitalised in plantation development expenditure	-	-	-	2,319	333,541	13,965	16,914	-	-	366,739
Disposals	-	(3,400)	-	(40,095)	(865,348)	-	(6,739)	(225)	-	(915,807)
Impairment during the year	157,260	-	-	-	-	-	-	-	-	157,260
Written off	-	(652,526)	-	(134,398)	(217,062)	-	(22,120)	-	-	(1,026,106)
Transfer	-	-	-	-	-	10,460	(10,460)	-	-	-
At 31 July 2010	162,259	75,269,324	625,883	91,334,446	256,294,316	43,734,514	11,764,355	5,251,383	-	484,436,480
Analysed as:										
Accumulated depreciation	4,999	75,269,324	625,883	91,334,446	251,595,027	43,734,514	11,764,355	5,251,383	-	479,579,931
Accumulated impairment losses	157,260	-	-	-	4,699,289	-	-	-	-	4,856,549
At 31 July 2010	162,259	75,269,324	625,883	91,334,446	256,294,316	43,734,514	11,764,355	5,251,383	-	484,436,480
Net Carrying Amount	1	78,951,746	84,386,729	150,119,856	78,902,096	24,488,070	4,990,354	1,578,578	39,743,300	463,160,730

Notes to the Financial Statements
- 31 July 2010

11. Property, Plant and Equipment (contd.)

Group (contd.)	Freehold land	Buildings	Plantation development expenditure	Watercrafts, tractors, trucks and motor vehicles	Plant and machinery	Infrastructure facilities	Furniture, fittings and equipment	Computer hardware and software	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 31 July 2009										
Cost										
At 1 August 2008	162,260	125,437,583	50,078,451	207,379,039	325,340,781	56,887,250	15,306,865	5,510,523	28,289,445	814,392,197
Additions	-	2,008,781	12,462,233	1,410,027	6,375,704	7,052,108	793,174	539,188	49,951,538	80,592,753
Transfer from long term asset	-	-	-	-	-	-	-	-	6,998,720	6,998,720
Disposals	-	(10,732)	-	(661,222)	(3,840,822)	-	(12,675)	(7,184)	-	(4,532,635)
Written off	-	(2,323,935)	-	(30,000)	(2,139,339)	(900)	(41,796)	(6,024)	(73,109)	(4,615,103)
Transfer	-	29,519,335	-	20,863,680	5,919,961	1,350,000	23,605	15,300	(57,691,881)	-
At 31 July 2009	162,260	154,631,032	62,540,684	228,961,524	331,656,285	65,288,458	16,069,173	6,051,803	27,474,713	892,835,932
Accumulated Depreciation and Impairment Losses										
At 1 August 2008										
Accumulated depreciation	4,999	68,774,429	-	49,401,532	224,928,485	26,497,887	9,099,283	4,254,979	-	382,961,594
Accumulated impairment losses	-	-	-	-	4,699,289	-	-	-	-	4,699,289
At 1 August 2009	4,999	68,774,429	-	49,401,532	229,627,774	26,497,887	9,099,283	4,254,979	-	387,660,883

Notes to the Financial Statements
- 31 July 2010

11. Property, Plant and Equipment (contd.)

Group (contd.)	**Freehold land** RM	**Buildings** RM	**Plantation development expenditure** RM	**Watercrafts, tractors, trucks and motor vehicles** RM	**Plant and machinery** RM	**Infrastructure facilities** RM	**Furniture, fittings and equipment** RM	**Computer hardware and software** RM	**Capital work-in-progress** RM	**Total** RM
At 31 July 2009 (contd.)										
Accumulated Depreciation and Impairment Losses (contd.)										
Depreciation charge for the year	-	4,146,336	-	21,891,399	15,817,460	7,864,763	1,348,101	476,363	-	51,544,422
Charge to income statement (Note 5)		4,146,336	-	21,891,399	15,341,663	7,864,763	1,334,970	476,363	-	51,055,494
Capitalised in plantation development expenditure	-	-	-	-	475,797	-	13,131	-	-	488,928
Disposals	-	(1,124)	-	(2,325,324)	(1,052,905)	-	(10,615)	(5,765)	-	(3,395,733)
Written off	-	(1,970,517)	-	(23,947)	(2,047,151)	(135)	(37,273)	(474)	-	(4,079,497)
At 31 July 2009	4,999	70,949,124	-	68,943,660	242,345,178	34,362,515	10,399,496	4,725,103	-	431,730,075
Analysed as:										
Accumulated depreciation	4,999	70,949,124	-	68,943,660	237,645,889	34,362,515	10,399,496	4,725,103	-	427,030,786
Accumulated impairment losses	-	-	-	-	4,699,289	-	-	-	-	4,699,289
At 31 July 2009	4,999	70,949,124	-	68,943,660	242,345,178	34,362,515	10,399,496	4,725,103	-	431,730,075
Net Carrying Amount	157,261	83,681,908	62,540,684	160,017,864	89,311,107	30,925,943	5,669,677	1,326,700	27,474,713	461,105,857

Notes to the Financial Statements
- 31 July 2010

11. Property, Plant and Equipment (contd.)

Company	Buildings	Watercrafts, tractors, trucks and motor vehicles	Plant and machinery	Infrastructure facilities	Furniture, fittings and equipment	Computer hardware and software	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 31 July 2010								
Cost								
At 1 August 2009	19,099,965	158,945,640	4,337,010	46,020,112	10,241,946	2,759,163	595,940	241,999,776
Additions	1,752	7,821,778	1	2,349,750	311,964	374,500	4,347,923	15,207,668
Disposals	(33,064)	(872,889)	-	-	(144,581)	(750)	-	(1,051,284)
Transfer	8,075	3,622,040	17,216	13,459	-	285,069	(3,945,859)	-
At 31 July 2010	19,076,728	169,516,569	4,354,227	48,383,321	10,409,329	3,417,982	998,004	256,156,160
Accumulated Depreciation								
At 1 August 2009	2,814,967	37,950,754	996,342	18,423,083	6,416,701	1,655,186	-	68,257,033
Depreciation charge for the year (Note 5)	689,892	17,030,608	434,335	8,159,286	1,050,651	449,033	-	27,813,805
Disposals	(3,400)	(313,095)	-	-	(33,564)	(225)	-	(350,284)
At 31 July 2010	3,501,459	54,668,267	1,430,677	26,582,369	7,433,788	2,103,994	-	95,720,554
Net Carrying Amount	15,575,269	114,848,302	2,923,550	21,800,952	2,975,541	1,313,988	998,004	160,435,606

Notes to the Financial Statements
- 31 July 2010

11. Property, Plant and Equipment (contd.)

Company (contd.)	Buildings	Watercrafts, tractors, trucks and motor vehicles	Plant and machinery	Infrastructure facilities	Furniture, fittings and equipment	Computer hardware and software	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 31 July 2009								
Cost								
At 1 August 2008	18,643,722	144,955,512	3,794,226	37,851,637	9,740,510	2,280,041	1,234,243	218,499,891
Additions	350,710	3,169,459	-	6,818,475	501,734	471,921	12,634,187	23,946,486
Disposals	-	(431,169)	-	-	(2,333)	(7,184)	-	(440,686)
Written off	-	(5,000)	-	-	-	(915)	-	(5,915)
Transfer	105,533	11,256,838	542,784	1,350,000	2,035	15,300	(13,272,490)	-
At 31 July 2009	19,099,965	158,945,640	4,337,010	46,020,112	10,241,946	2,759,163	595,940	241,999,776
Accumulated Depreciation								
At 1 August 2008	2,151,830	21,808,575	611,905	11,884,149	5,399,701	1,255,242	-	43,111,402
Depreciation charge for the year (Note 5)	663,137	16,319,037	384,437	6,538,934	1,017,888	406,098	-	25,329,531
Disposals	-	(171,859)	-	-	(888)	(5,765)	-	(178,512)
Written off	-	(4,999)	-	-	-	(389)	-	(5,388)
At 31 July 2009	2,814,967	37,950,754	996,342	18,423,083	6,416,701	1,655,186	-	68,257,033
Net Carrying Amount	16,284,998	120,994,886	3,340,668	27,597,029	3,825,245	1,103,977	595,940	173,742,743

11. Property, Plant and Equipment (contd.)

(a) Certain buildings of the Group with net carrying amount of RM3,577,450 (2009: RM3,589,308) are situated on land which is held by a company in which a director of certain subsidiaries and certain substantial shareholders of the Company have financial interests.

(b) The net carrying amount of the property, plant and equipment of the Group and of the Company which the title have yet to be registered under the name of the Company and its subsidiary are as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Tractor and trucks	2,452,796	228,844	1,966,956	-
Buildings	11,671,711	11,914,390	10,568,563	10,826,323
	14,124,507	12,143,234	12,535,519	10,826,323

(c) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM57,444,953 (2009: RM80,592,753) and RM15,207,668 (2009: RM23,946,486) respectively of which RM1,722,000 (2009: RM9,240,000) were acquired by means of hire purchase arrangements. Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Company	
	2010	**2009**
	RM	RM
Tractors, trucks and motor vehicles	76,771,869	86,838,359

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 21.

(d) The net carrying amount of property, plant and equipment pledged for borrowings as referred in Note 20 are as follows:

	Group	
	2010	**2009**
	RM	RM
Power plant-in-progress	37,565,317	25,629,975
Plantation and buildings	79,130,935	62,540,684
Watercrafts and vehicles	12,732,192	14,333,765
	129,428,444	102,504,424

11. Property, Plant and Equipment (contd.)

(e) Included in property, plant and equipment of the Group are the following expenses incurred and capitalised during the financial year:

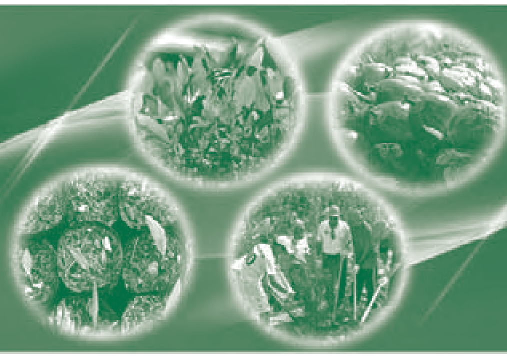
	Group	
	2010	**2009**
	RM	RM
Plantation development expenditure:		
Staff costs	1,232,806	830,325
Depreciation	366,739	488,928
Interest expense (Note 4)	1,212,593	1,515,206
Amortisation of prepaid land lease payment (Note 12)	175,017	488,120
Rental of equipment	41,151	-
Power plant-in-progress:		
Interest expenses (Note 4)	563,070	253,066
	========	========

12. Prepaid Land Lease Payments

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
At 1 August	55,288,600	44,599,352	2,154,785	2,206,293
Addition	3,951,915	416,576	-	-
Transfer from long term assets	2,171	11,660,000	2,171	-
Amortisation for the year	(1,296,913)	(1,387,328)	(52,184)	(51,508)
Charge to income statement (Note 5)	1,121,896	899,208	52,184	51,508
Capitalised in plantation development (Note 11(e))	175,017	488,120	-	-
At 31 July	57,945,773	55,288,600	2,104,772	2,154,785
	=========	=========	=========	=========
Analysed as:				
Long term leasehold land	22,160,196	22,546,727	-	-
Short term leasehold land	35,785,577	32,741,873	2,104,772	2,154,785
	57,945,773	55,288,600	2,104,772	2,154,785
	=========	=========	=========	=========

The net carrying amount of leasehold land of the Group pledged for borrowing as referred in Note 20 to the financial statements is RM25,939,146 (2009: RM26,526,617).

Short leasehold land of the Group and the Company with carrying value of RM3,681,838 (2009: RM3,569,384) and RM2,104,772 (2009: RM2,154,785) are yet to be registered in the name of the subsidiaries and of the Company respectively.



Notes to the Financial Statements
- 31 July 2010

13. Investment Properties

	Long leasehold land RM	Short leasehold land RM	Total RM
Group			
At 31 July 2010			
Cost			
At 1 August 2009	9,879,101	9,902,582	19,781,683
Addition	15,070	15,070	30,140
At 31 July 2010	9,894,171	9,917,652	19,811,823
Accumulated Depreciation			
At 1 August 2009	34,638	2,169,507	2,204,145
Depreciation charge for the year (Note 5)	12,383	861,159	873,542
At 31 July 2010	47,021	3,030,666	3,077,687
Net Carrying Amount	9,847,150	6,886,986	16,734,136
Group			
At 31 July 2009			
Cost			
At 1 August 2008/31 July 2009	9,879,101	9,902,582	19,781,683
Accumulated Depreciation			
At 1 August 2008	22,258	1,310,584	1,332,842
Depreciation charge for the year (Note 5)	12,380	858,923	871,303
At 31 July 2009	34,638	2,169,507	2,204,145
Net Carrying Amount	9,844,463	7,733,075	17,577,538

The fair value of the investment properties as at 31 July 2010 is approximately RM19,782,000 (2009: RM19,782,000).

Notes to the Financial Statements
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14. Investment in Subsidiaries

	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost	300,680,370	283,151,120
Less: Accumulated impairment loss	(9,399,998)	(4,999,999)
	291,280,372	278,151,121

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Equity interest held (%) 2010	Equity interest held (%) 2009	Principal activities
Subur Tiasa Plywood Sdn. Bhd.	100	100	Manufacture and sale of plywood and veneer
Subur Tiasa Particleboard Sdn. Bhd.	100	100	Manufacture and sale of particleboard
R H Timber Processing Industries Sdn. Bhd.	100	100	Sawmilling of timber
Trimogreen Sdn. Bhd.	100	100	Manufacture and sale of sawn timber and finger joint moulding
Subur Tiasa Forestry Sdn. Bhd.	100	100	Forest plantation contractor
Sarawak Plywood (M) Sdn. Bhd.	100	100	Logging, sawmilling and marketing of logs
Homet Raya Sdn. Bhd.	100	100	Supply of electricity
Palmlyn Sdn. Bhd. *	100	100	Cultivation of oil palm
T. Q. Oriental Sdn. Bhd.	100	100	Operation of a grocery store
Supreme Standard Development Sdn. Bhd.	100	100	Property holding and development
Allied Asiatic Sdn. Bhd.	100	100	Towage and transportation services
Joyful Realty Sdn. Bhd.	100	100	Property holding and development

Notes to the Financial Statements
- 31 July 2010

14. Investment in Subsidiaries (contd.)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Equity interest held (%) 2010	2009	Principal activities
Borneo Lumber Industries Sdn. Bhd. *	100	100	Manufacture and sale of sawn timber
Blessings Palm Sdn. Bhd. *	100	100	Cultivation of oil palm
JPH Logging Sdn. Bhd. *	100	100	Logging contractor
Grace Million Sdn. Bhd.	100	100	Manufacture and sale of sawn timber
Infrapalm Sdn. Bhd. *	100	100	Cultivation of oil palm
Diamond Plywood Sdn. Bhd.	100	100	Dormant
AA Plywood Sdn. Bhd.	100	100	Dormant
Excelle Timber Sdn. Bhd.	100	100	Dormant
Victory Round Sdn. Bhd.	100	100	Dormant
JPH Enterprise Sdn. Bhd.	100	100	Dormant
Blessings Realty Sdn. Bhd.	100	100	Dormant
Semarak Veneer & Plywood Sdn. Bhd. *	100	100	Dormant
Joyful Shipping Sdn. Bhd. *	100	100	Dormant
Saraju Holding Sdn. Bhd. *	100	-	Extraction and sale of logs

* Audited by a firm of auditors other than Ernst & Young

On 2 February 2010, the Company acquired 100% equity interest in Saraju Holding Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM17,529,250.

Acquisition of subsidiary

The acquired subsidiary has contributed the results to the Group:

	RM
Revenue	12,784,510
Profit for the year	2,496,026
	========

Notes to the Financial Statements
- 31 July 2010

14. Investment in Subsidiaries (contd.)

The assets and liabilities arising from the acquisition are as follows:

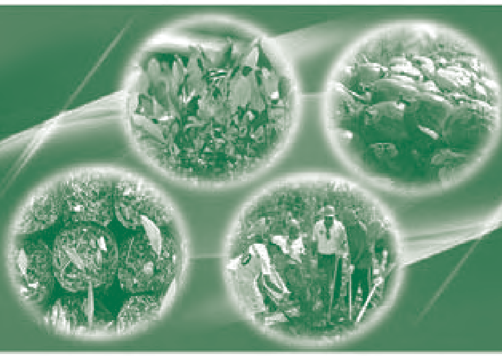
	Fair value recognised on acquisition RM	**Acquiree's carrying amount** RM
Right in timber licenses	22,690,237	-
Inventories	3,774	3,774
Trade and other receivables	2,244,212	2,244,212
Tax recoverable	612,650	612,650
Cash at bank	2,080	2,080
	25,552,953	2,862,716
Trade and other payables	2,351,144	2,351,144
Deferred tax payable	5,672,559	-
	8,023,703	2,351,144
Fair value of net assets	17,529,250	
Goodwill on acquisition	-	
Total cost of acquisition	17,529,250	

Total cost of business combination is as follows:

	RM
Cash paid	17,500,000
Directly attributable professional fees	29,250
	17,529,250

The cash outflow on acquisition, is as follows:

	RM
Total cash outflows of the Company	17,529,250
Cash and cash equivalent of subsidiary acquired	(2,080)
Net cash outflow of the Group	17,527,170



15. Intangible Assets

Group	**Rights in timber licences** RM	**Goodwill** RM	**Computer software & licences** RM	**Total** RM
Costs				
At 1 August 2008	224,330,460	2,602,055	19,014,264	245,946,779
Addition	-	118,100	-	118,100
At 31 July 2009	224,330,460	2,720,155	19,014,264	246,064,879
Addition	22,690,237	-	-	22,690,237
At 31 July 2010	247,020,697	2,720,155	19,014,264	268,755,116
Accumulated amortisation and impairment losses				
At 1 August 2008	154,527,258	-	16,452,847	170,980,105
Amortisation (Note 5)	18,152,370	-	1,406,020	19,558,390
At 31 July 2009	172,679,628	-	17,858,867	190,538,495
Amortisation (Note 5)	15,344,007	-	631,081	15,975,088
At 31 July 2010	188,023,635	-	18,489,948	206,513,583
Net carrying amount				
At 31 July 2010	58,997,062	2,720,155	524,316	62,241,533
At 31 July 2009	51,650,832	2,720,155	1,155,397	55,526,384

Notes to the Financial Statements
- 31 July 2010

15. Intangible Assets (contd.)

	Rights in timber licenses	
	2010	**2009**
	RM	RM
Company		
Costs		
At 1 August/31 July	183,446,732	183,446,732
Accumulated amortisation		
At 1 August	131,795,900	118,072,623
Amortisation (Note 5)	13,723,276	13,723,277
At 31 July	145,519,176	131,795,900
Net carrying amount	37,927,556	51,650,832

Impairment testing on goodwill

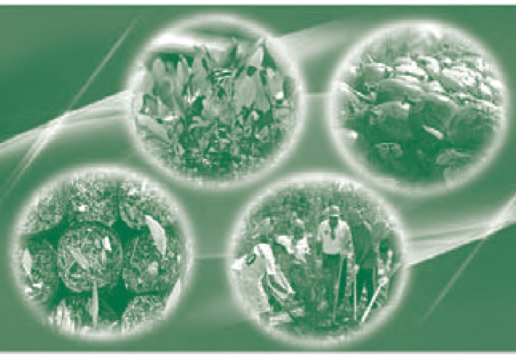
Goodwill arising from business combination mainly arises from plantation segment. Goodwill is tested for impairment on an annual basis by comparing the carrying amount with recoverable amount of the cash generating units ("CGUs") based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

i. Cash flows are projected for a period of twenty-five (25) years (the average life cycle of oil palm trees).
ii. Discount rate used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projections is 9.94%.
iii. Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields, oil extraction rates and also cost of productions.
iv. Profit margins are projected based on industry trends and historical profit margin achieved.

16. Long Term Assets

	Group and Company	
	2010	**2009**
	RM	RM
Long term receivable (Note 30)	19,552,874	21,461,234

Long term receivable represents an advance payment made to a third party in respect of purchase of all the merchantable timber logs from a forest concession for a period of twenty years. This amount will be set-off against the amount payable for future purchases of timber logs from this third party.



Notes to the Financial Statements
- 31 July 2010

17. Inventories

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
At cost				
Raw materials:				
- Logs	22,300,429	28,157,565	14,786,921	15,838,331
- Waste timber	1,137,832	384,470	-	-
Finished goods				
- Particleboard	5,257,922	4,697,012	-	-
- Plywood and veneer	-	19,866,537	-	-
- Sawn timber	2,946,947	4,493,164	1,861,351	3,403,641
Work-in-progress	3,646,992	19,707,186	3,258,191	6,244,955
General stores	24,234,502	24,908,961	2,067,247	2,957,144
	59,524,624	102,214,895	21,973,710	28,444,071
At net realisable value:				
Finished goods				
- Finger joint moulding	226,188	446,839	-	-
- Plywood	56,443,416	-	-	-
- Sawn timber	11,651,859	12,703,451	-	-
Work-in-progress	26,065,466	3,514,222	-	-
	94,386,929	16,664,512	-	-
	153,911,553	118,879,407	21,973,710	28,444,071

18. Trade and Other Receivables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade receivables				
Third parties	35,270,143	37,328,027	14,441,243	15,465,386
Related companies	5,378,716	16,283,086	2,993,939	2,901,688
Amount due from subsidiaries	-	-	36,509,319	44,646,699
Less: Allowances for doubtful debts - third parties	(1,748,069)	(1,680,741)	(18,074)	(18,074)
	38,900,790	51,930,372	53,926,427	62,995,699

Notes to the Financial Statements
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18. Trade and Other Receivables (contd.)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Other receivables				
Third parties	8,833,137	8,174,227	7,880,345	7,516,646
Amount due from subsidiaries	-	-	29,743,835	5,499,969
Related companies	1,346,644	91,604	109,096	91,604
Less: Allowance for doubtful debts	(25,871)	(20,000)	(9,238,824)	(5,192,719)
	10,153,910	8,245,831	28,494,452	7,915,500
Deposits	898,551	594,724	569,470	75,560
Prepayments	3,671,086	4,028,216	2,815,312	2,637,743
	14,723,547	12,868,771	31,879,234	10,628,803
	53,624,337	64,799,143	85,805,661	73,624,502

(a) Credit Risk

The Group's normal trade credit terms range from payment in advance to 180 days. Other credit terms are assessed and approved on a case-by-case basis.

Except as disclosed above, the Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

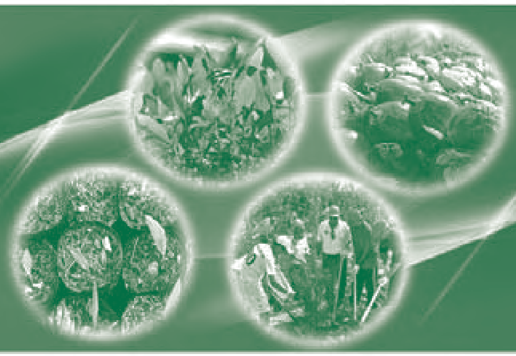
(b) Amount Due from Related Companies

Amount due from related companies represent companies in which certain directors and substantial shareholders of the Company have financial interests. These amounts are unsecured, interest-free and repayable on demand.

(c) Amount Due from Subsidiaries

Amounts due from subsidiaries are unsecured, interest-free and are repayable on demand except amount of RM31,118,811 bear interest of 3.4% (2009: 3.3%) per annum as at the date of balance sheet.

Further details on related party transaction are disclosed in Note 26.



19. Cash and Cash Equivalents

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Cash on hand and at banks	30,293,262	35,055,213	5,873,073	9,366,791
Deposits with licensed banks	19,796,277	34,406,749	3,914,502	2,700,000
Cash and cash equivalents	50,089,539	69,461,962	9,787,575	12,066,791

Fixed deposit of the Group amounted to RM268,364 (2009: RM188,934) have been pledged to a bank as security for bank guarantee granted to a subsidiary and bankers' acceptances as referred in Note 20.

Other information on financial risks of cash and cash equivalents are disclosed in Note 30.

20. Borrowings

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Short term borrowings				
Secured:				
Banker's acceptance	9,458,000	-	-	-
Revolving credit	15,500,000	-	-	-
Hire purchase liabilities (Note 21)	14,555,718	27,345,303	14,555,718	27,345,303
Term loans	5,625,788	3,758,755	-	-
	45,139,506	31,104,058	14,555,718	27,345,303
Unsecured:				
Banker's acceptance	6,100,000	-	-	-
Revolving credit	-	30,500,000	-	15,000,000
Term loans	5,008,970	5,008,970	5,008,970	5,008,970
	11,108,970	35,508,970	5,008,970	20,008,970
	56,248,476	66,613,028	19,564,688	47,354,273

Notes to the Financial Statements
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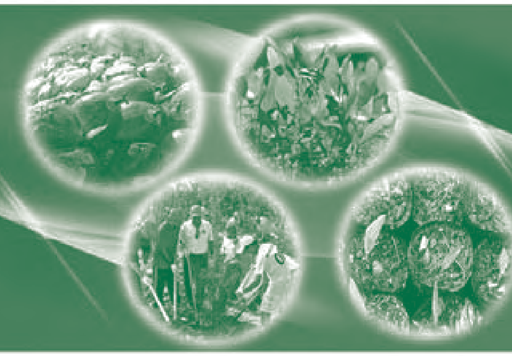

20. Borrowings (contd.)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Long term borrowings				
Secured:				
Term loans	66,906,561	66,171,720	-	-
Hire purchase liabilities (Note 21)	6,781,872	19,954,569	6,781,872	19,954,569
	73,688,433	86,126,289	6,781,872	19,954,569
Unsecured term loan	5,008,970	10,017,940	5,008,970	10,017,940
	78,697,403	96,144,229	11,790,842	29,972,509
Total Borrowings				
Banker's acceptance	15,558,000	-	-	-
Revolving credit	15,500,000	30,500,000	-	15,000,000
Term loans	82,550,289	84,957,385	10,017,940	15,026,910
Hire purchase liabilities	21,337,590	47,299,872	21,337,590	47,299,872
	134,945,879	162,757,257	31,355,530	77,326,782

The secured term loan and revolving credit of the Group are secured against the long leasehold land as referred in Note 12 to the financial statements and plantation, buildings and watercrafts as referred in Note 11 to the financial statement and corporate guarantee of the Company.

The secured bankers' acceptances are secured against the deposit at bank as referred in Note 19 to the financial statements.

Other information on financial risk of borrowings is disclosed in Note 30.

21. Hire Purchase Liabilities

	Group and Company	
	2010	**2009**
	RM	RM
Future hire purchase payments:		
Not later than 1 year	15,270,710	29,096,015
Later than 1 year and not later than 2 years	5,827,026	14,794,538
Later than 2 years and not later than 5 years	1,167,848	5,974,711
Total future minimum lease payments	22,265,584	49,865,264
Less: Future finance charges	(927,994)	(2,565,392)
Present value of finance lease liabilities (Note 20)	21,337,590	47,299,872
	==========	==========
Analysis of present value of hire purchase liabilities:		
Not later than 1 year	14,555,718	27,345,303
Later than 1 year and not later than 2 years	5,636,965	14,139,562
Later than 2 years and not later than 5 years	1,144,907	5,815,007
	21,337,590	47,299,872
Less: Amount due within 12 months(Note 20)	(14,555,718)	(27,345,303)
Amount due after 12 months (Note 20)	6,781,872	19,954,569
	==========	==========

Other information on financial risks of hire purchase liabilities are disclosed in Note 30.

22. Trade and Other Payables

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Trade payables				
Third parties	74,159,852	77,356,164	41,986,696	42,819,546
Amount due to subsidiaries	-	-	6,302,153	-
Related companies	28,389,731	25,381,846	19,985,181	8,306,173
	102,549,583	102,738,010	68,274,030	51,125,719

Notes to the Financial Statements
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22. Trade and Other Payables (contd.)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Other payables				
Accruals	9,299,188	4,542,945	3,035,360	2,899,856
Deposits	1,528,201	564,313	58,800	58,800
Amount due to subsidiaries	-	-	2,482,148	4,663,227
Deferred income	804,666	-	804,666	-
Other payables	6,623,285	6,471,690	1,100,198	1,663,359
	18,255,340	11,578,948	7,481,172	9,285,242
	120,804,923	114,316,958	75,755,202	60,410,961

(a) Trade Payables

The normal trade credit terms granted to the Group range from cash term to credit of 180 days.

(b) Amount Due to Related Companies

Amount due to related companies are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

(c) Amount due to subsidiaries

The amount due to subsidiaries are non-interest bearing and are repayable on demand.

Further details on related party transaction are disclosed in Note 26.

23. Share Capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2010	**2009**	**2010**	**2009**
			RM	RM
Authorised	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid share capital	209,000,000	209,000,000	209,000,000	209,000,000

23. Share Capital (contd.)

Treasury Shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 30 December 2009, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 219,700 of its issued ordinary shares from the open market at an average price of RM1.96 per share. The total consideration paid for the repurchase was RM433,539, comprising consideration paid amounting to RM430,082 and transaction cost of RM3,457. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. As treasury shares, the right attached as to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased has been sold as at 31 July 2010.

Of the total 209,000,000 (2009: 209,000,000) issued and fully paid ordinary shares as at 31 July 2010, 20,799,500 (2009: 20,579,800) ordinary shares are held as treasury shares by the Company. As at 31 July 2010, the number of outstanding ordinary shares in issue and fully paid is therefore 188,200,500 (2009: 188,420,200) ordinary shares of RM1 each.

24. Retained Earnings

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 July 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

The Company has tax exempt profits available for distribution of approximately RM79,250,000 (2009: RM98,718,000), subject to agreement of the Inland Revenue Board.

As at 31 July 2010, the Company has sufficient credit in 108 balances and the balance in tax-exempt account to pay franked dividends amounting to RM298,563,000 out of its entire retained earnings. If the balance of the retained earnings of RM602,522 were to distributed as dividends, the Company may distribute such dividends under single tier system.

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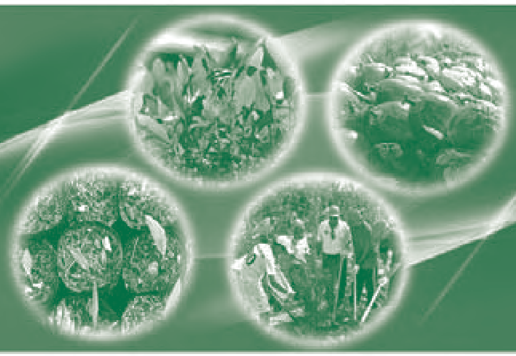
25. Deferred Tax

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
At 1 August 2009	5,204,306	4,128,433	7,552,000	6,139,000
Recognised in income statement (Note 8)	6,905,490	1,075,873	1,147,000	1,413,000
Acquisition of subsidiaries (Note 14)	5,672,559	-	-	-
At 31 July 2010	17,782,355	5,204,306	8,699,000	7,552,000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(12,869,000)	(14,206,000)	-	-
Deferred tax liabilities	30,651,355	19,410,306	8,699,000	7,552,000
	17,782,355	5,204,306	8,699,000	7,552,000

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Prepaid land lease payments	**Property, plant and equipment**	**Intangible assets Rights in timber licences**	**Total**
	RM	RM	RM	RM
At 1 August 2009	4,708,389	39,484,756	-	44,193,145
Acquisition of subsidiary	-	-	5,672,559	5,672,559
Recognised in income statement	(52,834)	5,890,493	(405,182)	5,432,477
At 31 July 2010	4,655,555	45,375,249	5,267,377	55,298,181
At 1 August 2008	4,858,032	21,587,819	978,282	27,424,133
Recognised in income statement	(149,643)	17,896,937	(978,282)	16,769,012
At 31 July 2009	4,708,389	39,484,756	-	44,193,145



Notes to the Financial Statements
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25. Deferred Tax (contd.)

Deferred tax assets of the Group:

	Unutilised investment tax allowances and reinvestment allowance RM	Unused tax losses and unutilised capital allowances RM	Property, plant and equipment RM	Allowance of doubtful debts RM	Allowance of inventories RM	Accrued liabilities RM	Total RM
At 1 August 2009	(14,894,000)	(21,307,839)	(1,189,000)	(32,000)	(862,000)	(704,000)	(38,988,839)
Recognised in income statement	2,461,000	(1,119,987)	65,000	(10,000)	426,000	(349,000)	1,473,013
At 31 July 2010	(12,433,000)	(22,427,826)	(1,124,000)	(42,000)	(436,000)	(1,053,000)	(37,515,826)
	=========	=========	=========	=======	=========	=======	========
At 1 August 2008	(15,695,000)	(5,360,666)	(445,000)	(32,000)	(1,192,034)	(571,000)	(23,295,700)
Recognised in income statement	801,000	(15,947,173)	(744,000)	-	330,034	(133,000)	(15,693,139)
At 31 July 2009	(14,894,000)	(21,307,839)	(1,189,000)	(32,000)	(862,000)	(704,000)	(38,988,839)
	=========	=========	=========	=======	=========	=======	========

Deferred tax liabilities of the Company:

	Property, plant and equipment RM
At 1 August 2009	8,042,000
Recognised in income statement	1,336,000
At 31 July 2010	9,378,000
	========
At 1 August 2008	6,530,000
Recognised in income statement	1,512,000
At 31 July 2009	8,042,000
	========

Notes to the Financial Statements
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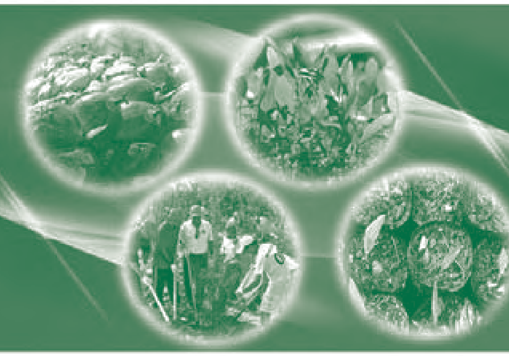


25. Deferred Tax (contd.)

Deferred tax assets of the Company:

	Accrued liabilities	
	2010	**2009**
	RM	RM
At 1 August	(490,000)	(391,000)
Recognised in income statement	(189,000)	(99,000)
At 31 July	(679,000)	(490,000)

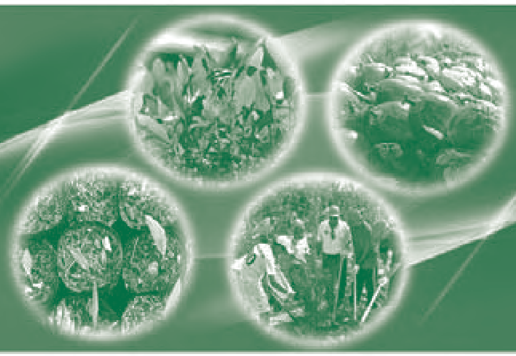
Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2010	**2009**
	RM	RM
Deductible temporary differences on inventory, property, plant and equipment	1,380,636	4,153,000
Inventory written down	2,912,000	-
Unused tax losses	15,788,239	7,522,959
Unutilised capital allowances	4,636,149	5,011,234
	24,717,024	16,687,193

26. Significant Related Party Transactions

(a) In addition to related party disclosures mentioned elsewhere in the financial statements, the Group and the Company had the following transaction with related parties during the financial year:

	Company	
	2010	**2009**
	RM	RM
Subsidiaries:		
Sales to subsidiaries		
- log	170,394,169	145,454,644
- sawn timber	11,195,305	8,610,605
- property, plant and equipment	347,761	504,063
Purchases from subsidiaries		
- grocery stock	156,529	2,615,835
- sawn timber	206,488	1,081,326
- plywood	31,685	59,266
Services paid/payable to subsidiaries		
- freight and handling charges	15,562,548	9,885,423
- logpond handling charges	2,211,572	2,130,147



Notes to the Financial Statements
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26. Significant Related Party Transactions (contd.)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Related companies*:				
Services paid/payable to related companies				
- air tickets charges	43,487	78,997	15,878	18,368
- freight and handling charges	6,034,699	12,960,613	1,532,802	2,626,381
- helicopter charter charges	732,812	767,306	732,812	767,306
- insurance charges	136,389	136,655	99,171	92,500
- logging contract fee	116,176,777	102,897,191	113,364,939	99,059,245
- marketing fee	1,114,210	913,932	1,114,210	913,932
- rental of building	53,700	-	53,700	-
- rental of land	130,200	130,200	-	-
- rental of plant and machinery	120,000	-	-	-
- rental of vehicles	22,500	-	22,500	-
Purchase from related companies				
- purchase of property, plant and equipment	6,022,899	565,015	5,912,393	546,485
- purchase of consumable stores	4,466,362	12,748,755	3,002,370	7,613,935
- purchase of electricity	992,575	712,191	-	-
- purchase of logs	79,624,375	49,803,859	69,557,659	42,742,589
- purchase of adhesive materials	32,183,595	41,339,138	-	-
- purchase of waste timber	9,187	160,166	-	-
- purchase of prepaid land lease	3,894,000	-	-	-
- purchase of veneer	3,874,942	-	-	-
Income from related companies				
- rental income	253,200	253,200	235,200	235,200
- supply of electricity	60,052	29,532	-	-
- sales of logs	777,462	2,350,915	777,462	2,350,915
- sales of waste timber	368,800	144,210	-	-
- sales of sawn timber	2,955,306	338,805	-	8,050
- towage and handling income	1,192,096	2,056,706	1,192,096	2,024,575
- contract fee income	64,944,135	56,217,111	3,820,192	2,440,198
	=========	=========	========	========

* Related companies are companies in which certain directors or substantial shareholders of the Company or persons connected with them have substantial interests.

The related party transactions are mainly to provide support to the Group's day-to-day operations. It is the Group's policy to purchase materials, goods or services also from related parties when the prices, fees or charges are competitive with prices, fees or charges obtained from third parties; by taking into consideration of the availability of raw materials or resources, reliability of supply, delivery, services and quality of material or goods.

Notes to the Financial Statements
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26. Significant Related Party Transactions (contd.)

Sales of logs and timber related products to related parties and other income received or receivable from related parties have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Short term employee benefits	4,765,818	5,013,499	3,922,387	4,354,077
Defined contribution plan	474,364	507,644	411,612	463,332
	5,240,182	5,521,143	4,333,999	4,817,409
Included in total key management personnel are:				
Directors' remuneration (Note 7)	3,356,800	3,659,931	3,081,800	3,392,600

27. Commitments

(a) Capital commitment:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	4,456,893	15,107,858	220,000	7,544,800
Approved but not contracted for:				
Property, plant and equipment	1,000,993	4,543,286	-	-
	5,457,886	19,651,144	220,000	7,544,800

27. Commitments (contd.)

(b) Operating lease commitments:

	Group 2010 RM	Group 2009 RM
Not later than 1 year	264,600	264,600
Later than 1 year and not later than 5 years	529,200	529,200
	793,800	793,800

The above lease payment relate to the non-cancellable operating lease of land.

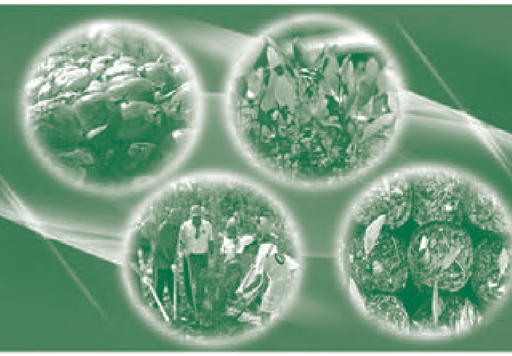
28. Contingent Liabilities

	Company 2010 RM	Company 2009 RM
Unsecured:		
Corporate guarantees given to banks for banking facilities granted to subsidiaries	103,590,349	85,430,475

29. Comparative Figures

The presentation and classification of items in the current year financial statements have been consistent with previous financial period except that certain comparative figures of the Company for the following accounts have been restated to conform with current year's presentation, as follows:

	Previously stated RM	Reclassification RM	Restated RM
Company			
At 31 July 2009			
Current Assets:			
Trade and other receivables	28,670,553	44,953,949	73,624,502
Amount due from subsidiaries	44,953,949	(44,953,949)	-
Current Liabilities:			
Trade and other payables	55,747,734	4,663,227	60,410,961
Amount due to subsidiaries	4,663,227	(4,663,227)	-



Notes to the Financial Statements
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30. Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group's overall financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its foreign currency, interest, liquidity and credit risks. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies.

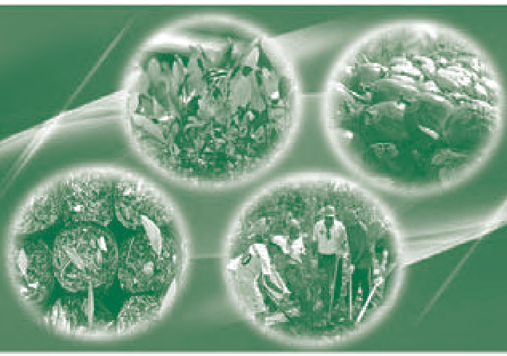
The Group uses derivative financial instrument on a short term basis such as forward foreign exchange contracts to hedge on confirmed receipts and payments of business transactions when it is deemed necessary. It does not engage in speculative transactions.

(b) Interest Rate Risk

The Group's income and operating cash flows are affected by changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate borrowings.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-5 Years RM	More than 5 Years RM	Total RM
Group							
At 31 July 2010							
Fixed rate							
Hire purchase liabilities	21	5.25	14,555,718	5,636,965	1,144,907	-	21,337,590
Deposits with licensed banks	19	1.61	19,796,277	-	-	-	19,796,277
Floating rate							
Term loans	20	3.83	10,634,758	14,759,758	43,563,675	13,592,098	82,550,289
Revolving credit	20	3.36	15,500,000	-	-	-	15,500,000
Banker acceptance	20	2.99	15,558,000	-	-	-	15,558,000



30. **Financial Instruments (contd.)**

(b) **Interest Rate Risk (contd.)**

	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-5 Years RM	More than 5 Years RM	Total RM
Group (contd.)							
At 31 July 2009							
Fixed rate							
Hire purchase liabilities	21	5.34	27,345,303	14,139,562	5,815,007	-	47,299,872
Deposits with licensed banks	19	1.73	34,406,749	-	-	-	34,406,749
Floating rate							
Term loans	20	4.05	8,767,725	13,776,695	30,204,498	32,208,467	84,957,385
Revolving credit	20	3.96	30,500,000	-	-	-	30,500,000
Company							
At 31 July 2010							
Fixed rate							
Hire purchase liabilities	21	5.25	14,555,718	5,636,965	1,144,907	-	21,337,590
Deposits with licensed bank	19	1.58	3,914,502	-	-	-	3,914,502
Floating rate							
Term loans	20	4.04	5,008,970	5,008,970	-	-	10,017,940
At 31 July 2009							
Fixed rate							
Hire purchase liabilities	21	5.34	27,345,303	14,139,562	5,815,007	-	47,299,872
Deposits with licensed bank	19	1.65	2,700,000	-	-	-	2,700,000
Floating rate							
Term loans	20	3.33	5,008,970	5,008,970	5,008,970	-	15,026,910
Revolving credit	20	3.29	15,000,000	-	-	-	15,000,000

Notes to the Financial Statements
- 31 July 2010

30. Financial Instruments (contd.)

(c) Foreign Currency Risk

The Group is exposed to currency risk as a result of the foreign currency transactions, mainly in United States Dollars, Japanese Yen, Singapore Dollar and Euro Dollar. The Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receipts and payments, when it is deemed necessary.

The currency exposure profile of trade receivables and trade payables are as follows:

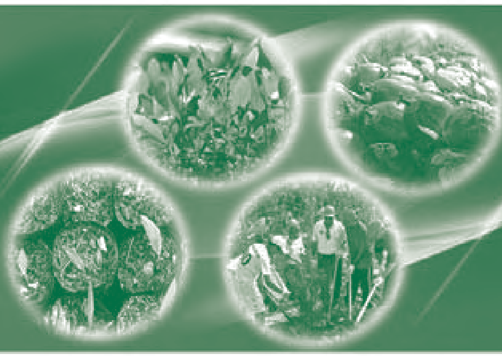
	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM	RM	RM	RM
Trade receivables:				
Ringgit Malaysia	11,098,570	21,179,410	44,412,276	48,967,398
US Dollar	29,550,289	32,431,703	13,578,330	14,100,741
	40,648,859	53,611,113	57,990,606	63,068,139
Trade payables:				
Ringgit Malaysia	102,168,655	102,398,791	68,274,030	51,125,719
US Dollar	323,061	117,145	-	-
Euro	57,867	139,251	-	-
Japanese Yen	-	82,720	-	-
Singapore Dollar	-	103	-	-
	102,549,583	102,738,010	68,274,030	51,125,719

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. Its overall prudent liquidity risk management is to maintain sufficient levels of cash to meet its working capital requirements and maintain flexibility in funding by keeping committed credit lines available.

(e) Credit risk

The Group seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.



Notes to the Financial Statements
- 31 July 2010

30. Financial Instruments (contd.)

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except for the followings:

	Note	2010 Carrying amount RM	2010 Fair value RM	2009 Carrying amount RM	2009 Fair value RM
Group					
Long term receivables	16	19,552,874	16,150,227	21,461,234	16,913,322
Hire purchase liabilities	21	21,337,590	21,265,544	47,299,872	47,268,753
Company					
Long term receivables	16	19,552,874	16,150,227	21,461,234	16,913,322
Hire purchase liabilities	21	21,337,590	21,265,544	47,299,872	47,268,753

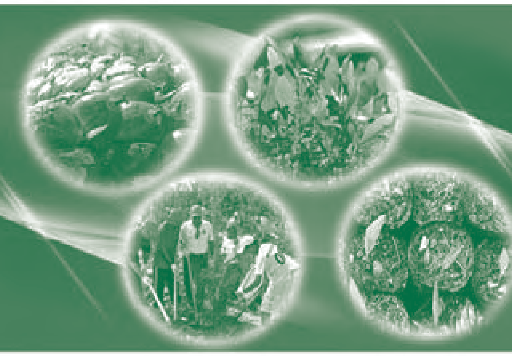
The methods and assumption used by the management to determine fair values of financial statements other than those whose carrying amounts reasonably approximate their fair values are as follows:

Long term receivables and hire purchase liabilities

The fair values of the long term receivables and hire purchase liabilities are estimated by discounting the future contractual cash flows at the current interest rate available to the Group and the Company for similar financial instruments.

31. Significant Events

On 16 November 2009, the Company had entered into a Sale and Purchase Agreement with a non-related party, to acquire a total five hundred thousand (500,000) ordinary shares of RM1.00 each, representing the entire issued and paid up capital of Saraju Holding Sdn. Bhd., for a total cash consideration of RM17,500,000. The acquisition was completed on 2 February 2010.



Notes to the Financial Statements
- 31 July 2010

32. Segment Reporting

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

i. The logging segment is involved in extraction, sale of logs and tree planting (reforestation).

ii. The manufacturing segment is in the business of manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger joint moulding and supply of electricity for its manufacturing activities.

iii. The plantation segment is involved in cultivation of oil palm and sales of fresh fruit bunch.

iv. The others segment in involved in sales of grocery, provision of towage and transportation services, property holding and development.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No segment analysis on a geographical basis is provided as the Group's activities were wholly carried out in Malaysia.

Notes to the Financial Statements
- 31 July 2010

32. Segment Reporting (contd.)

	Logging 2010 RM	Logging 2009 RM	Manufacturing 2010 RM	Manufacturing 2009 RM	Plantation 2010 RM	Plantation 2009 RM	Others 2010 RM	Others 2009 RM	Adjustments and eliminations 2010 RM	Adjustments and eliminations 2009 RM	Notes	Per consolidated financial statements 2010 RM	Per consolidated financial statements 2009 RM
Revenue													
External customers	311,940,281	245,039,509	359,322,229	352,603,756	8,259,793	748,246	330,792	-	-	-		679,853,095	598,391,511
Inter-segment	183,608,949	155,236,555	1,045,449	313,385	71,045	399,874	16,650,478	20,976,621	(201,375,921)	(176,926,435)	A	-	-
Total revenue	495,549,230	400,276,064	360,367,678	352,917,141	8,330,838	1,148,120	16,981,270	20,976,621	(201,375,921)	(176,926,435)		679,853,095	598,391,511
Results													
Interest income	382,149	333,336	323,197	1,043,391	11,238	17,234	802	32	(232,904)	-	A	484,482	1,393,993
Amortisation of intangible assets	15,344,008	18,152,370	631,080	1,406,020	-	-	-	-	-	-		15,975,088	19,558,390
Amortisation of prepaid lease payment	52,184	51,508	855,374	729,643	206,565	110,284	7,773	7,773	-	-		1,121,896	899,208
Depreciation of investment properties	-	-	-	-	-	-	873,542	871,303	-	-		873,542	871,303
Depreciation of property, plant and equipment	28,433,139	29,811,614	20,399,356	16,741,050	726,882	70	4,564,942	4,502,760	-	-		54,124,319	51,055,494
Other non-cash expenses	157,260	-	(1,703,526)	(592,040)	-	-	500,000	-	-	-	B	(1,046,266)	(592,040)
Segment profit/(loss)	24,183,595	2,882,507	22,011,433	20,696,659	1,216,609	469,746	(1,079,302)	542,752	-	728,138	C	46,332,335	25,319,802
Assets													
Additions to non-current assets	39,257,058	24,756,610	17,993,461	56,162,176	27,186,503	13,347,181	192,809	2,458,285	(510,415)	(3,936,824)	D	84,119,416	92,787,428
Segment assets	370,549,633	372,012,142	412,598,483	404,242,442	121,291,303	92,051,890	60,244,532	64,789,720	(71,383,677)	(52,003,696)	E	893,300,274	881,092,498
Segment liabilities	123,233,217	149,411,605	135,483,282	128,898,181	81,752,253	49,766,586	14,764,942	18,129,295	(67,676,109)	(46,934,531)	F	287,557,585	299,271,136

Notes to the Financial Statements
- 31 July 2010

32. Segment Reporting (contd.)

A Inter-segment revenues and interest income are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2010 RM	2009 RM
Written off of advance	5	500,000	-
Impairment of property, plant and equipment	5	157,260	-
Inventory write-down	5	-	(592,040)
Reversal of inventory write-down	5	(1,703,526)	-
		(1,046,266)	(592,040)

C The following items are added to segment profit to arrive at "profit before tax" presented in the consolidated income statements:

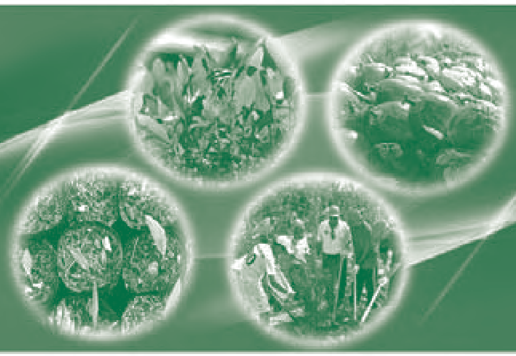
	2010 RM	2009 RM
Profit from inter-segment sales	-	728,138

D Additions to non-current assets consist of:

	2010 RM	2009 RM
Property, plant and equipment	57,444,953	80,592,753
Investment properties	30,140	-
Intangible assets	22,690,237	118,100
Prepaid land lease payments	3,954,086	12,076,576
	84,119,416	92,787,429

E The following items deducted from segment assets to arrive at total assets reported in the consolidated balance sheet:

	2010 RM	2009 RM
Inter-segment assets	71,383,677	52,003,696



32. Segment Reporting (contd.)

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2010 RM	2009 RM
Deferred tax liabilities	8,699,000	7,552,000
Tax payables	201,290	2,709,881
Inter-segment liabilities	(76,576,399)	(57,196,412)
	(67,676,109)	(46,934,531)

Non-current assets information presented above consist of the following items as presented in the consolidated balance sheet.

	2010 RM	2009 RM
Property, plant and equipment	463,160,730	461,105,857
Prepaid land lease payments	57,945,773	55,288,600
Investment properties	16,734,136	17,577,538
Intangible assets	62,241,533	55,526,384
	600,082,172	589,498,379

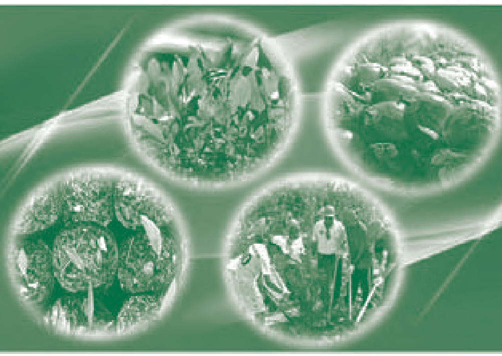
Information about a major customer

Revenue from one major customer amount to RM65,057,896 (2009: RM56,319,148), arising from sales by the following segments:

	2010 RM	2009 RM
Logging segment	64,944,135	56,245,307
Manufacturing segment	113,761	73,841
	65,057,896	56,319,148

List of Properties
as at 31 July 2010

Location	Tenure	Land Area (Hectares)	Existing Use	Approximate Age of Building	Net Book Value as at 31.07.2010 (RM)	Date of Acquisition
Lot 47, Balingian Land District, Mukah	Leasehold land expiring on 11.02.2064	5,000	Oil palm plantation, office, store, quarters	1 - 4 years	93,465,103	30.09.2004
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	24.054	Factories, office, welfare building	2 - 21 years	62,248,115	31.03.1989 - 30.12.1994
Lot 854-866, Block 10, Sibu Town District	Leasehold land expiring on 30.09.2054	0.2123	Office building	9 years	12,673,335	01.06.2001
Industrial Land at Lot 400, Block 38 Kemena Land, Bintulu	Leasehold land expiring on 15.09.2057	12.672	Factory, office, welfare building	14 years	11,550,256	01.10.2008
Lot 62, Block 12, Buan Land District, Tanjung Manis	Leasehold land expiring on 01.08.2051	4.183	Factory, office, welfare building	15 years	7,551,359	01.08.2007
Lot 1, Block 22, Majau Land District	Leasehold land expiring on 22.05.2067	2,000	Oil palm plantation estate	-	6,557,097	09.07.2008
Lot 11726, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2025	2.261	Vacant	-	4,621,904	05.06.2006
Country Lease No. 015146139, Kota Kinabalu	Leasehold land expiring on 01.03.2916	1.3597	Vacant	-	3,836,605	10.05.2007
Concession Land, Garu, Kapit	-	-	Factory, office, welfare building	5 years	3,668,414	31.07.2005
Lot 10, Section 43, Kuching Town Land District	Leasehold land expiring on 13.05.2816	0.7406	Vacant	-	3,489,940	15.03.2006



Analysis of Shareholdings
as at 29 October 2010

Share Capital

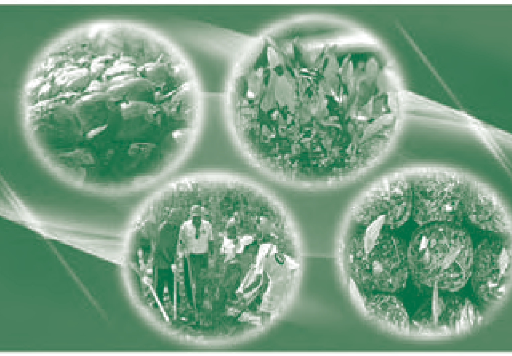
Authorised Share Capital	:	RM1,000,000,000.00
Issued and Fully Paid-up Share Capital	:	RM209,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Share

Distribution schedule of ordinary shares

Holdings	No. of Holders	Total Holdings	%
less than 100 shares	65	2,264	0.00 #
100 to 1,000 shares	117	79,708	0.04
1,001 to 10,000 shares	2,760	6,396,155	3.40
10,001 to 100,000 shares	228	5,879,665	3.12
100,001 to less than 5% of issued shares	46	55,550,607	29.52
5% and above of issued shares	8	120,289,101	63.92
Total	3,224	188,197,500 *	100.00

Less than 0.01%

* Excluding 20,802,500 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on Record of Depositors as at 29 October 2010



List of Substantial Shareholders
as at 29 October 2010

Name	No. of Ordinary Shares of RM1.00 each	
	Direct Interest	Indirect Interest
1. Tiong Toh Siong Holdings Sdn. Bhd.	61,950,021 [*1] (32.92%[#])	25,029,307 [*2] (13.30%[#])
2. Twintop Sdn. Bhd.	21,522,295 [*3] (11.44%[#])	-
3. Kinta Hijau Sdn. Bhd.	16,937,532 [*4] (9.00%[#])	-
4. Raya Abadi Sdn. Bhd.	16,675,033 (8.86%[#])	-
5. Teck Sing Lik Enterprise Sdn. Bhd.	4,679,977 (2.49%[#])	88,029,328 [*5] (46.77%[#])
6. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	1,109,120 (0.59%[#])	92,709,305 [*6] (49.26%[#])

(*1) 30,000,000 shares and 20,000,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd. and Malaysia Nominees (Tempatan) Sdn. Bhd. respectively

(*2) Deemed interested by virtue of its substantial shareholdings in Twintop Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

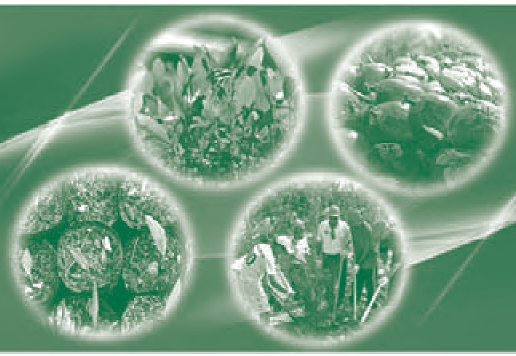
(*3) 10,000,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd.

(*4) 6,900,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd.

(*5) Deemed interested by virtue of its substantial shareholdings in Tiong Toh Siong Holdings Sdn. Bhd., Twintop Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

(*6) Deemed interested by virtue of his substantial shareholdings in Twintop Sdn. Bhd., Tiong Toh Siong Holdings Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd., Tiong Toh Siong & Sons Sdn. Bhd. and Teck Sing Lik Enterprise Sdn. Bhd.

\# Excluding 20,802,500 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 29 October 2010



Directors' Interests
as at 29 October 2010

Names	No. of Ordinary Shares Held in the Company			
	Direct Interest	%#	Indirect Interest	%#
1. YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	10,500	0.01	-	-
2. YBhg. Datuk William Lau Kung Hui	10,500	0.01	-	-
3. YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh	312,795 (*1)	0.17	-	-
4. Mr. Tiong Kiong King	1,282,643 (*2)	0.68	-	-
5. YBhg. Dato' Tiong Ing	1,585,813 (*3)	0.84	537,075 (*4)	0.29
6. Madam Ngu Ying Ping	-	-	21,000 (*5)	0.01

The Directors by virtue of their interests in shares in the Company are also deemed to have interests in shares in all of its related corporations to the extent the Company has an interest, pursuant to Section 6A of the Companies Act, 1965.

Notes :

(*1) Shares are held through Public Nominees (Tempatan) Sdn. Bhd.

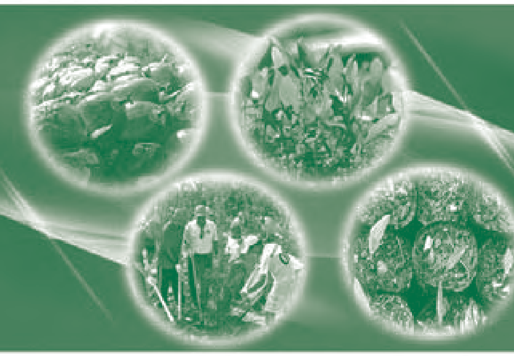
(*2) 1,219,973 shares and 51,000 shares are held through AMSEC Nominees (Tempatan) Sdn. Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively

(*3) 1,211,233 shares are held through TA Nominees (Tempatan) Sdn. Bhd.

(*4) Deemed interested by virtue of her substantial interests in Unique Wood Sdn. Bhd., ETI Blessed Holdings Sdn. Bhd., and the interests of her children in the Company

(*5) Deemed interested by virtue of the interest of her spouse in the Company

Excluding 20,802,500 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 29 October 2010



List of Thirty Largest
Securities Accounts Holders as at 29 October 2010

	Names	No. of ordinary shares of RM1.00 each	Percentage %#
1.	EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (Upper Lanang)	30,000,000	15.94
2.	Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (00-33029-004)	20,000,000	10.63
3.	Raya Abadi Sdn. Bhd.	16,675,033	8.86
4.	Tiong Toh Siong Holdings Sdn. Bhd.	11,950,021	6.35
5.	Twintop Sdn. Bhd.	11,522,295	6.12
6.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Credit Suisse (SG BR-TST-ASING)	10,104,220	5.37
7.	Kinta Hijau Sdn. Bhd.	10,037,532	5.33
8.	EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Twintop Sdn. Bhd. (Upper Lanang)	10,000,000	5.31
9.	Bahagia Abadi Timber Industries Sdn. Bhd.	8,611,032	4.58
10.	EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Kinta Hijau Sdn. Bhd. (Upper Lanang)	6,900,000	3.67
11.	CIMSEC Nominees (Asing) Sdn. Bhd. - Bank of Singapore Ltd for Union View Investments Limited	4,165,500	2.21
12.	CitiGroup Nominee (Asing) Sdn. Bhd. - Exempt AN for UBS AG Singapore (Foreign)	3,673,950	1.95
13.	Tiong Toh Siong & Sons Sdn. Bhd.	3,507,012	1.86
14.	Teck Sing Lik Enterprise Sdn. Bhd.	3,435,727	1.83
15.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for JPMorgan Chase Bank, National Association (JPMINTL BK LTD)	2,967,826	1.58
16.	Serrano Group Limited	2,639,490	1.40
17.	UOBM Nominees (Asing) Sdn. Bhd. - United Overseas Bank Nominees (Pte) Ltd for Novel Investment Group Limited	1,574,075	0.84
18.	UOBM Nominees (Asing) Sdn. Bhd. - United Overseas Bank Nominees (Pte) Ltd for Max Fortune Resources Inc.	1,449,200	0.77
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Datuk Tiong Thai King	1,357,220	0.72
20.	Teck Sing Lik Enterprise Sdn. Bhd.	1,244,250	0.66
21.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,213,473	0.64
22.	Dato' Tiong Ing	1,211,233	0.64
23.	Nustinas Sdn. Bhd.	1,195,950	0.64
24.	Tiong Toh Siong Enterprises Sdn. Bhd.	1,050,000	0.56
25.	Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	945,613	0.50
26.	Tiong Chiong Ong	578,610	0.31
27.	Koperasi Polis Diraja Malaysia Berhad	559,188	0.30
28.	Mayban Nominees (Asing) Sdn. Bhd. - DBS Bank for Bloomswick Ltd (200890)	531,300	0.28
29.	Cartaban Nominees (Tempatan) Sdn. Bhd. - AXA Affin General Insurance Berhad	508,000	0.27
30.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Dimensional Emerging Markets Value Fund	460,530	0.24
	Total	170,068,280	90.36

Excluding 20,802,500 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on the Record of Depositors as at 29 October 2010

Subur Tiasa Holdings Berhad

(Company No. 341792-W)
(Incorporated in Malaysia)

FORM OF PROXY

I/We .... (Name in full) .... (IC/Passport/Company No.) of .... (Address) being a member/members of the abovenamed Company hereby appoint .... (Name in full) of .... (Address) or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak on Tuesday, 21 December 2010 at 11.30 am and any adjournment thereof.

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

My/our proxy is to vote as indicated below :-

No.	Resolutions	For	Against
1.	Declaration of a first and final dividend.		
2.	Approval of the directors' fees for the financial year ended 31 July 2010.		
3.	Approval of the increase of directors' fees for the financial year ending 31 July 2011.		
4.	Re-election of YBhg. Datuk William Lau Kung Hui as Director.		
5.	Re-election of YBhg. Dato' Tiong Ing as Director.		
6.	Re-appointment of YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as Director.		
7.	Re-appointment of Messrs. Ernst & Young as auditors.		
	Special Business		
8.	**Ordinary Resolution** Proposed renewal of authority for purchase of own shares by the Company.		
9.	**Ordinary Resolution** Proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature.		
10.	**Special Resolution** Proposed amendments to the Company's Articles of Association.		

Shareholding Represented by Proxy	

Dated this .... day of 2010

....
Signature of shareholder(s)/common seal

Notes :-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one proxy to attend the said meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Affix Stamp Here

The Secretary
Subur Tiasa Holdings Berhad
No 66-78, Pusat Suria Permata
Jalan Upper Lanang, C.D.T. No 123
96000 Sibu, Sarawak
Malaysia

Subur Tiasa Holdings Berhad (341792-W)
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