PWP

PRICEWORTH WOOD PRODUCTS BERHAD
(Company No. 399292 - V)

1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P.O. Box 2848, 90732 Sandakan, Sabah, Malaysia.
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Annual Report 2009

Priceworth Wood Products Berhad (399292-V)

PWP

Priceworth Wood Products Berhad (399292-V)
(Incorporated in Malaysia)

Annual Report 2009

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Corporate Information

BOARD OF DIRECTORS

Tan Sri Sabbaruddin Chik	*(Chairman)*
Mr Lim Nyuk Foh	*(Managing Director)*
Mr Chok Syn Vun	*(Executive Director)*
Datuk Chee Hong Leong	*(Independent Non-Executive Director)*
Encik Ramlee Bin Mohd Shariff	*(Independent Non-Executive Director)*
Mr Kwan Tack Chiong	*(Independent Non-Executive Director)*
Mr Ooi Jit Huat	*(Independent Non-Executive Director)*

AUDIT COMMITTEE

Mr Kwan Tack Chiong
(Chairman)

Tan Sri Sabbaruddin Chik
(Member)

Mr Ooi Jit Huat
(Member)

COMPANY SECRETARY

Katherine Chung Mei Ling (MAICSA 7007310)

REGISTERED OFFICE

1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4,
Jalan Utara, P.O. Box 2848, 90732 Sandakan, Sabah
Tel No. : 089 221170/223767/221211
Fax No. : 089 221213/227823

HEAD OFFICE

1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4,
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Tel No. : 089 221170/223767/221211
Fax No. : 089 221213/227823
Email : pwpbhd@streamyx.com/ pricwor@tm.net.my / maxland@streamyx.com
Website : www.pwpmalaysia.com.my

SHARE REGISTRAR

Symphony Share Registration Services Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-27212222
Fax : 03-27212530

PRINCIPAL BANKERS

Bank Kerjasama Rakyat Malaysia Berhad

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

RHB Bank Berhad

AUDITORS

Ernst & Young
MPT 4604, Lot 17-28, 3rd Floor
Block B, Bandaran Baru, Jalan Baru,
W.D.T. 46, 91009, Tawau, Sabah

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

STOCK NAME

PWORTH

BURSA SECURITIES STOCK NO.

7123

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of the Company will be convened and held at the Executive Parlour of Sabah Hotel, Sandakan, Sabah on Thursday, 17 December 2009 at 9.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2009 together with the Reports of the Directors and Auditors thereon.

2. To approve the distribution of final share dividend of 1 treasury share for every 50 existing ordinary shares of RM0.50 each held, fractions of treasury shares to be disregarded, in respect of the financial year ended 30 June 2009. **Resolution 1**

3. To approve the payment of Directors' Fees in respect of the financial year ended 30 June 2009. **Resolution 2**

4. To re-elect Mr Chok Syn Vun retiring pursuant to Article 86 of the Company's Articles of Association and being eligible, offer himself for re-election. **Resolution 3**

5. To re-elect Datuk Chee Hong Leong retiring pursuant to Article 93 of the Company's Articles of Association and being eligible, offer himself for re-election. **Resolution 4**

6. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 5**

As Special Business:

7. **ORDINARY RESOLUTION NO. 1** **Resolution 6**
   - **Authority to issue shares pursuant to the Company's Employees' Share Option Scheme**

   "**THAT** pursuant to the Company's Employees' Share Option Scheme ("the Scheme") as approved at the Extraordinary General Meeting of the Company held on 22 December 2005, the Directors of the Company be and are hereby authorised in accordance with Section 132D of the Companies Act, 1965, to allot and issue shares in the Company from time to time in accordance with the Scheme."

8. **ORDINARY RESOLUTION NO. 2** **Resolution 7**
   - **Proposed renewal of authority for the Company to purchase its own shares representing up to 10% of its issued and paid-up share capital**

   "**THAT** subject always to compliance with the Companies Act, 1965 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities Malaysia Berhad ("Bursa Securities") or any other regulatory authorities and all other applicable rules, regulations, guidelines or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

   (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed 10% of the total issued and paid-up share capital of the Company at any point in time of the said purchase(s);

   (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium of the Company at the time of the said purchase(s); and

   (c) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:

      (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
      (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
      (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

      whichever is earlier;

Notice of Annual General Meeting
(Cont'd)

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

(aa) cancel all the shares so purchased; and/or

(bb) retain the shares so purchased in treasury for distribution as dividend to the shareholders or resell on the market of Bursa Securities; and/or

(cc) retain part thereof as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and the Main Market Listing Requirements and any other relevant authorities for the time being in force.

AND THAT authority be and is hereby given to the Directors of the Company and/or anyone of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/or authorised by this Ordinary Resolution."

9. To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

BY ORDER OF THE BOARD
KATHERINE CHUNG MEI LING
(MAICSA 7007310)
Company Secretary

Sandakan

25 November 2009

Notes:

1. A Member of the Company entitled to attend and vote at the meeting shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting 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.

2. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

3. Where a Member is an authorised nominee as defined under the Security Industry (Central Depository) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. If the appointor is a corporation, this form must be executed under its seal or under the hand of its attorney.

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P. O. Box 2848, 90732 Sandakan, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

6. Encik Ramlee Bin Mohd Shariff, will retire pursuant to Article 86 of the Company's Articles of Association at the conclusion of this Annual General Meeting and he does not wish to seek for re-election.

7. EXPLANATORY NOTE ON SPECIAL BUSINESS

(i) Ordinary Resolution No. 1 (Resolution 6)
- Authority to issue shares pursuant to the Company's Employees' Share Option Scheme
The Ordinary Resolution, if passed, will enable the Directors from the date of the general meeting to allot and issue ordinary shares of the Company to those employees who have exercised their options under the Scheme. This authority, unless revoked and varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(ii) Ordinary Resolution No. 2 (Resolution 7)
- Proposed renewal of authority for the Company to purchase its own shares representing up to 10% of its issued and paid-up share capital
The Ordinary Resolution, if passed, will empower the Directors of the Company to purchase the company's shares up to 10% of the issued and paid-up capital of the Company at any point of time. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

Notice of Annual General Meeting
(Cont'd)

NOTICE OF BOOK CLOSURE AND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final share dividend of 1 treasury share for every 50 existing ordinary shares of RM0.50 each held, fractions of treasury shares to be disregarded, in respect of the financial year ended 30 June 2009, if approved at the forthcoming Annual General Meeting, will be distributed on 31 December 2009 to Depositors whose names appear in the Record of Depositors at the close of business on 17 December 2009.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 17 December 2009 in respect of transfers;

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board
Katherine Chung Mei Ling
Company Secretary

Sandakan
25 November 2009

STATEMENT ACCOMPANYING THE NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

1. Directors standing for re-election at the Thirteenth Annual General Meeting of the Company pursuant to the Company's Articles of Association.

(a) Mr Chok Syn Vun; (Article 86)
(b) Datuk Chee Hong Leong (Article 93)

2 Profile of Directors who are standing for re-election

Details of the Directors who are standing for re-election are set out in the Profile of Directors appearing on pages 8 to 10 of the Annual Report.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Priceworth Wood Products Berhad (Group) for the financial year ended 30 June 2009.

Financial Results

For the financial year ended 30 June 2009 (FY 2009), the Group recorded total gross revenue of RM457.28 million and profit after taxation of RM6.58 million which is lower compared to revenue of RM564.88million and profit after taxation of RM29.38 million in the preceding financial year.

The lower revenue and profit after taxation was mainly attributable to the global economic slowdown during the financial year. Due to the slow demand for timber products, especially for the export market, selling prices had weakened and margins eroded as a result of a more competitive operating environment.

Prospects

The Group faced stiff challenges during FY2009 for its revenue was largely affected by the weak demand and selling prices for wood based products as compared with the preceding financial year, with the leading export markets, such as Japan, Europe and United States of America in recession.

In view of the volatile market environment, this prompted the Group to focus on emerging economies, especially China, India and the Middle East. The Group intends to strengthen its position in those countries by participating in international trade fairs actively so as to create brand awareness, to promote its products and services and to attract more business from those regions.

In order to remain focused in our objectives to maintain performance and create maximum returns for shareholders, the Group has undertaken various measures to counter the challenges brought about by the uncertainties of the current economic crisis. These, among others, include various cost-saving exercises, re-engineering of our manufacturing processes for better products and developing new markets and customers. With a refreshed and renewed outlook of our strategies, functions and processes, the Group plans for a steady long-term growth and to be well prepared in the wake of market recovery.

The Board remains confident in the long term prospects of the timber industry and viability of the Group's business and expects satisfactory financial results for the next financial year ending 30 June 2010.

Acknowledgement

On behalf of the Board, I wish to convey our sincere appreciation to the directors, management and employees of the Group for their continued diligence, dedication, loyalty and contribution towards the achievements of the Group in maintaining the Group's competitiveness and making another successful year possible.

I wish also to express my gratitude to valued customers, suppliers and business associates for their continued support and confidence in us. Last but not the least, to our shareholders, I wish to express my heartfelt appreciation for placing your confidence in the future of the Group.

Tan Sri Sabbaruddin Chik
Chairman

Corporate Social Responsibility

The Board recognizes the importance of playing its role as a socially responsible corporate citizen on the workplace, community, environment and marketplace. The good corporate governance through practising accountability, honesty, transparency coupled with effective adoption of corporate social responsibility will ensure sustainability in the competitive corporate world and positive influence on the business strategy and performance of Priceworth Wood Products Berhad Group ("PWP Group" or "the Group") in the short-term and long-term. The Corporate Social Responsibility accentuated by PWP Group is broadly divided into four (4) focal areas as follows:

1. The Workplace

PWP Group places an importance to its human capital as the most valuable asset. The Group has conducted various in-house training programme which are job-related in nature for the required skills, knowledge and experience. The Group also provides a safe and healthy conducive working condition for its employees and factory workers. Preventive actions and risk mitigation measures such as fire drills, factory safety site briefings are conducted from time to time. The Board believes in continuous learning and human capital development will produce effective performance, high commitment in all levels of employees and ultimately contributes an added value to the Group as a whole.

2. The Community

As a caring corporate citizen, the Group contributed funds to Malua Wildlife Habitat Conservation Bank during the financial year under review. The Group plays its role actively in creating employment and job opportunities for fresh graduates which help the government in reducing the unemployment.

3. The Environment

The Group identifies the importance in preserving environment and has taken efforts on waste recycle by converting the leftover core to activated carbon for the use in water filtration system. The Group reuses its wood waste and combined with resin turn into composite material suitable for use disposables in construction, temporary flooring and packing material.

4. The Marketplace

At the marketplace, PWP Group operates in tandem with its vision through sound business practices, good corporate governance and effective management with the aim to enhance the stakeholders' value.

As a socially responsible corporate citizen, the Group's efforts are evident in its Quality Management System certificates accorded such as the MS ISO 9001:2000 Certificate issued by SIRIM QAS International Sdn Bhd., an independent Malaysian certification, inspection and testing body compliance with internationally recognized standards.

Directors' Profile

Tan Sri Sabbaruddin Chik

Malaysian, aged 67
Chairman/Independent Non-Executive Director

Tan Sri Sabbaruddin is the Chairman of the Company and has been on the Board since 2 November 2001. He graduated from Universiti Malaya in 1965 and from the Institute of Social Studies, the Hague, Holland in 1974. He started his government career as the Assistant Secretary for the State of Negeri Sembilan from 1966 to 1967. In 1967, he was in appointed as Assistant Secretary for the Ministry of Foreign Affairs. From 1967 to 1971, he was the Malaysian Embassy in Saigon before being appointed as the Principal Assistant Secretary in the Prime Minister's Department from 1971 to 1975. In 1975, he was posted to the General Planning Unit as a Director for Planning in the Department and thereafter became the Director of International Trade in the Ministry of Trade and Industry from 1976 to 1979. Between 1980 and 1981, he was the Deputy State Secretary of Selangor and in 1981 he joined Pernas Trading Sdn Bhd as the Senior General Manager. Subsequently Tan Sri was appointed as Deputy Finance Minister from 1982 to 1987 and he was the Cultural, Arts and Tourism Minister from 1987 to 1999. He was the Member of Parliament for Temerloh from 1982 to 1999.

Tan Sri Sabbaruddin is also a director of Eden Inc. Berhad.

Lim Nyuk Foh

Malaysian, aged 45
Managing Director

Mr Lim founded the PWP Group and was appointed to the Board on 2 November 2001.

He holds a Degree in Finance majoring in Investment from the University of Toledo, United States of America. Coming from a family involved in the timber business, he ventured into the trading of timber for the domestic and foreign market in 1989. In 1990 he founded PISB to undertake the sawmilling and timber extraction business. He has more than 16 years of extensive experience in the timber industry.

He has no directorship or major shareholdings in other public companies.

Chok Syn Vun

Malaysian, aged 39
Executive Director

Mr Chok was appointed to the Board on 2 November 2001 and is also a member of Audit Committee of the Company. He graduated from Stamford College, Singapore in 1991 with a Diploma in Accounting. In 2000, he was awarded Bachelor of Business Administration, with a major in Accounting with Distinction from Ashington University, England. He joined PISB in 17 March 1994. During the formative years of the Group with limited number of personnel had provided Mr Chok the opportunity to involve in various aspects of operations, including administrative, finance and human resources management. Through this exposure, he has gained an extensive experience in the timber operations of the Group. He was made an Executive Director of PISB on 17 February 1997 and oversees the administration and financial functions of the PWP Group.

He has no directorship or major shareholdings in other public companies.

Datuk Chee Hong Leong

Malaysian, aged 45
Independent Non-Executive Director

Datuk Chee joined the Board on 10 February 2009. He graduated with a Bachelor of Engineering (Computer) in 1987 and a Master of Business Administration in 1989 both from McMaster University, Hamilton, Ontario, Canada. He began his career in 1990 coordinating the development in corporate and annual strategic plants for Leisure Holidays Group of Companies. In 1992, he ventured into various businesses which involved designing and building individual bungalows for landowners at various housing projects in the Klang Valley as well as building and operating a 100,000 sq. ft. Information Technology Incubation Centre in University Putra Malaysia. Subsequently, he joined Tanco Resort Berhad form 1998-2002 where he held various positions from General Manager to Executive Director/Chief Operating Officer. Currently, he manages a software house that focuses on Customer Relationship Management.

He also sits on the boards of SY Resources Sdn Bhd and Mithril Berhad, all listed on the Bursa Securities and Speedtoyz Berhad, a public company.

Directors' Profile
(Cont'd)

Ramlee Bin Mohd Shariff

Malaysian, aged 45
Independent Non-Executive Director

Encik Ramlee served as a member of the Board of PWP since 2 November 2001. He is a Fellow of Association of Certified Chartered Accountants. He began his career in Ernst & Young in 1987 and became an Audit Manager in 1992. In 1993, he joined Shapadu Corporation Sdn Bhd as the Internal Audit Manager and was promoted to Group Financial Controller in May 1995. He left the company in May 1997 to join Bridgecon Holdings Berhad as the General Manager-Finance where he was also responsible for the group's Corporate Finance, Accounts and Management Information System Department. He is currently the Managing Director of Iman Consulting Sdn Bhd, a company involved in providing corporate finance and financial related advice to clients.

He has no directorship or major shareholdings in other public companies.

Kwan Tack Chiong

Malaysian, aged 46
Independent Non-Executive Director

Mr Kwan was appointed to the Board of PWP on 2 November 2001 and he is the Chairman of the Audit Committee of the Company. He graduated with a Bachelor of Business Administration from the University of Toledo, United States of America. He started his career as a supervisor in Pinayas Wood Products Sdn Bhd in 1989. He joined Trimwood Industrial Sdn Bhd in 1990 as a Manager until 1992. From 1992 until 1993 he was the Marketing Manager of Service Trading Sdn Bhd before serving as the member of the Board of Directors of Priceworth Industries Sdn Bhd from 1994 to 1995. In 1996, he was appointed as director for Matotech (M) Sdn Bhd. He is presently involved in the operation of retail food business and gereanl trading.

He has no other directorship or major shareholdings in other public companies.

Ooi Jit Huat

Malaysian, aged 58
Independent Non-Executive Director

Mr Ooi was appointed to the Board of Directors of PWP on 2 November 2001and is also a member of Audit Committee of the Company.

He started his career with one of the big public accounting firm in Kuala Lumpur and was later based in London from 1980 to 1981 as a supervisor in Companies Audit Department. Subsequently he returned to Kuala Lumpur and made a Manager in the same firm until 1982. In 1983, he became a Financial Controller for Zemex Corporation before he founded his own public accounting firm, Russ Ooi & Associates in 1985. He has over 20 years of experience in the financial industry having carved areas of expertise in corporate consultancy, financial management, management information systems and auditing and investigations. His professional assignments covered flotations exercises, investigations and due diligence reporting and the reverse take-overs of several companies on the Bursa Securities. He is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and the Malaysian Institute of Taxation.

Mr Ooi is also a director of Kwantas Corporation Berhad, a listed company.

Directors' Profile
(Cont'd)

OTHER INFORMATION OF DIRECTORS

1. Family Relationship of Directors

None of the Directors have any family relationship with other Directors.

2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

3. Convictions of Offences

None of the Directors have been convicted of any offence within the past ten (10) years other than traffic offences.

4. Shareholdings

The particulars of the Directors' shareholding are set out on page 67 to 68 of this Annual Report.

5. Details of Attendance of Board Meetings held during the financial year ended 30 June 2009

Name of Directors	No. of Meetings Attended	%
Tan Sri Sabbaruddin Chik	4/4	100
Mr Lim Nyuk Foh	4/4	100
Mr Chok Syn Vun	4/4	100
Datuk Chee Hong Leong	1/1	100
Encik Ramlee Bin Mohd Shariff	4/4	100
Mr Kwan Tack Chiong	4/4	100
Mr Ooi Jit Huat	4/4	100

Statement Of Corporate Governance

The Board of Directors ("the Board") of Priceworth Wood Products Berhad ("PWP" or "the Company") is committed in ensuring that the principles and the best practices of corporate governance are practised in the manner set out in the Malaysian Code on Corporate Governance ("the Code"). The Board recognizes that good corporate governance practice is a continuous process and observes as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

The statements described the application on the Principles of the Code (revised 2007) and the extent of compliance with the Best Practices of the good corporate governance as set out in Part 1 and Part 2 of the Code.

BOARD OF DIRECTORS

Board Composition

The Board is comprised of members of different backgrounds, expertise and diverse skill to effectively lead and control the Company. As at the date of this Report, there are seven (7) Directors that consists of two (2) Executive Directors and five (5) Independent Non-Executive Directors. The profile of each Director is presented in this Annual Report on pages 8 to 10.

Board Balance

The Board is responsible for the overall performance of the Company by setting the directions and objectives, formulating the policies, strategic action plans and stewardship of the Company's resources. The Board regularly reviews the Company's business operations identifying risks and ensuring the existence of adequate internal controls and management systems to measure and manage risks and maintains full and effective control over management of the Company.

Board Meetings

Board Meetings will be held at least four (4) times a year at quarterly intervals with additional meetings convened, whenever necessary.

During the year under review, the Board has met on a total of four (4) occasions. All Director attended more than half in number of board meetings held during the financial year. The attendance record of each individual Director at the meetings are set out on page 10 of this Annual Report.

The Board acts on matters which require its decision to ensure the right direction and within the objective of the Company. The Board is provided with the agenda of board meeting and the detailed information to enable them to deliberate in the meeting and hence make decision. Besides that, the Board also approves matters through circular resolutions.

Supply of Information

The chairman of the board or committee meetings will ensure that due notice of meetings and the relevant information papers on the business of the meeting, including financial-related information of the Group are timely distributed to the Directors or committee members. The Directors are given total access to additional information and clarification in furtherance to the discharge of their duties. The Directors are also updated with the operations, development and performance of the Group.

The Directors are unhindered to the advice and services of the company secretary. The Board is permitted to draw external profession advice as and when deemed appropriate.

Appointment to the Board

The Board is of the opinion that its current composition and size constitute an effective Board to the Company.

Re-election of Directors

In accordance with the provisions of the Company's Articles of Association, at least one-third (1/3) of the Directors, including Managing Director are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire and be eligible for re-election at least once in three (3) years.

Statement Of Corporate Governance
(Cont'd)

Directors' Training

All the Directors had attended the Mandatory Accreditation Programme and Continuing Education Programme ("CEP") stipulated by Bursa Securities. Although the mandatory CEP was repealed on 1 January 2005, the Board holds the view on continuous training is vital in broadening their perspectives to aid them in discharging their duties and responsibilities more effectively. The Board evaluates and determines on the training needs deemed appropriate to keep abreast with updates from time to time on new statutory and regulatory requirements and the business environment.

During the financial year, all Directors attended at least one (1) training programmes accredited by Bursa Securities as shown below:

Director	Title of Training	Duration (Days)
Tan Sri Sabbaruddin Chik	Directors' Duties and Liabilities	1
Datuk Chee Hong Leong	Investor Relations- A necessity, not a choice	½
Mr Lim Nyuk Foh	Directors' Duties and Liabilities	1
Mr Chok Syn Vun	Directors' Duties and Liabilities	1
Mr Kwan Tack Chiong	Directors' Duties and Liabilities	1
Mr Ooi Jit Huat	National Tax Conference	2
	Driving a Credible Profession: Enhancing the value chain	2
Encik Ramlee Bin Mohd Shariff	Directors' Duties and Liabilities	1

The Directors apart from attending the above external training programmes, they were updated on the regulatory requirements, industry developments, changes in laws and accounting standards from the management, auditors and company secretary.

Board Committee

As recommended by the Code, the Board has delegated some of the responsibilities to Audit Committee, Nomination Committee and Remuneration Committee, all of which operate with the defined terms of reference. All these Committees do not have executive power but report to the Board on all matters considered and their recommendations thereon.

1. Audit Committee

The composition of the Audit Committee and its terms of reference of the Audit Committee are presented in pages 16 to 17 of this Annual Report.

2. Nomination Committee

A Nomination Committee is represented by the following members:

i. Tan Sri Sabbaruddin Chik (Chairman)
ii. Mr Kwan Tack Chiong
iii. Mr Ooi Jit Huat

The Nomination Committee had one (1) meeting during the financial year. The Committee is responsible for making recommendations to the Board on re-election of retiring directors and any appointments, including those of subsidiary companies having considered the required mix of skills and experience and assessment of the Board.

Statement Of Corporate Governance
(Cont'd)

3. Remuneration Committee

The Remuneration Committee is made up of the following members:

i. Mr Kwan Tack Chiong (Chairman)
ii. Tan Sri Sabbaruddin Chik
iii. Mr Ooi Jit Huat

The Committee is responsible in reviewing and recommending to the Board on the remuneration packages and benefits for Executive Directors and if necessary, the Committee is empowered sought for the prevailing market practices to determine the remuneration packages of directors. The directors' fees for the Non-Executive Directors are recommended by the Board to be approved by the shareholders at the Annual General Meeting. Individual director is not allowed to participate in discussion of his own remuneration.

The Remuneration Committee held one (1) meeting during the financial year to carry out its function as stated within the terms of reference.

Directors' Remuneration

The determination of the remuneration packages of Directors is a matter for the Board as a whole and individual is abstained from deliberation and voting on decision in respect of own remuneration. The Board, in its opinion of the band disclosure on the directors' remuneration as allowed by the Main Market Listing Requirements is acceptable and appropriate. The band disclosure on directors' remuneration can be seen in Note 9 of the audited financial statements on page 44. The Board also believes that the aspect of transparency and accountability are not compromised as far as corporate governance is concerned.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board believes in clear and regular communication with its shareholders and institutional investors. The Annual Report, announcements through Bursa Link on financial results on a quarterly and other disclosures provide an avenue to disseminate information to the shareholders with an overview of the Group's performance and its business activities. The shareholders and general public can access to the Company's website at www.pwpmalaysia.com.my to retrieve information on the Group.

The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting and Extraordinary General Meeting whereby the Directors are available to discuss aspects of the Group's performance and its business activities.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of the results to shareholders as well as the Chairman's statement and review of the operations in the Annual Report.

Internal Control

The overview of the state of internal controls within the Group is covered under Statement on Internal Control presented on page 14 of this Annual Report.

Relationship with the Auditors

The Company has established a formal and transparent relationship with the auditors in line with the auditors' professional requirements ensuring compliance with the accounting standards in Malaysia. One of the many functions of the Audit Committee especially with regard to the external auditors is highlighted in the Audit Committee Report on page 16 to 17 of this Annual Report.

Statement Of Internal Control

Introduction

Pursuant to Paragraph 15.27(b) of the Main Market Listing Requirements, the Board is pleased to disclose the Group's system internal control system.

Group's Internal Control

Apart from internal audit, the Board has put in place a system which emphasis heavily on balanced monitoring and reviewing on the Group daily operation. The Managing Director and the Executive Director through their day-to-day involvement in the business operations and regular attendance at senior management level meetings, manage and monitor the Group's financial performance, operational effectiveness and efficiency, discuss and resolve significant business issues face by the Group.

The senior management meeting served as a two-way platform for the Board, through the Board members, to communicate and address significant matters in relation to the Group's business and financial affairs and provide update on significant changes in the business and the external environment which result in significant risks.

The Group's detailed organizational structure embeds strong control features throughout the Group. The structure identifies the head of each department, their subordinates and superiors which facilitates a clear reporting line.

Review Process for Internal Control System

In view of the size and nature of the Group's operations, it is not cost justifiable for the Group to maintain an in-house function for the review of the Group's internal control system, which forms part of the internal audit function. Through outsourcing internal audit procedures, it will provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control systems in anticipating potential risk exposures over key business systems and processes and in controlling the proper conduct of business within the Group.

By outsourcing the internal audit function, it will facilitate the Board in reviewing of and evaluation of the adequacy and integrity of the Group's internal control systems. The Audit Committee meets to review, discuss, and direct actions on matters arise in the internal audit report. Internal audits are carried out from time to time based on significant issues that arise during the day-to-day operations of the Group.

The internal auditor adopts a risk-based approach and prepares its audit strategy and plan based on each individual issue that arises in the Group. The audit plan is presented to the Audit Committee for approval annually. The resulting reports from the audits undertaken are reviewed by the Audit Committee and then forwarded to the operational management for attention and necessary corrective actions. The operational management is responsible for ensuring the corrective actions on reported weaknesses are taken within the required time frame.

Statement Of Directors' Responsibility

The Directors are responsible for ensuring the financial statements for each financial year are drawn up in accordance with the provisions of the Companies Act 1965 and the applicable Financial Reporting Standards in Malaysia, so as to give a true and fair view of the state of affairs of the Company and the Group as at the end of financial year and the results and cash flows for the financial year.

The Directors consider that in preparing the annual financial statements, the Company and the Group have

(a) adopted appropriate accounting policies and applied them consistently;

(b) made judgements and estimates that are prudent and reasonable; and

(c) adhered to the applicable approved accounting standards in Malaysia.

The Directors are responsible for ensuring that the Company and the Group maintain proper accounting records that disclose with reasonable accuracy the financial position of the Company and the Group, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia.

The Directors have a general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

Chairman

Mr Kwan Tack Chiong	Independent Non-Executive Director

Members

Tan Sri Sabbaruddin Chik	Independent Non-Executive Director
Mr Ooi Jit Huat	Independent Non-Executive Director

The Audit Committee is governed by the terms of reference as follows:

1. Composition

1.1 The Audit Committee ("the Committee") shall be appointed by the Board of Directors from amongst its members which fulfills the following requirements:

1.1.1 the Audit Committee shall comprise of no fewer than three (3) members;

1.1.2 all the Audit Committee must be non-executive directors, with a majority of them being independent directors;

1.1.3 at least one (1) member of the Audit Committee
(a) must be a member of Malaysian Institute of Accountants; or
(b) if he is not a member of Malaysia Institute of Accountants, he must have at least 3 years working experience and,
(i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
(ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967;
(c) fulfils such other requirements as prescribed or approved by the Bursa Securities.

1.2 The members of the Committee shall elect a Chairman from among their number who is an independent director.

1.3 The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

1.4 The Board of Directors shall review the term of office of the Committee members at least once every three (3) years.

2. Objectives

The objectives of the Audit Committee are as follows:

2.1 provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities, particularly in relation to the accounting and management controls and financial reporting of the Company and the Group; and

2.2 provide greater emphasis to audit functions performed by internal and external auditors by serving as a focal point of communication between Board of Directors, the external auditor, the internal auditor and the management by means of a forum for discussion that is independent of the management.

3. Authority Of The Audit Committee

The Audit Committee shall have the authority to:

3.1 investigate any matter within its terms of reference;

3.2 have the resources which are reasonable required to enable to perform its duties;

3.3 have full and unrestricted access to any information pertaining to the Company and the Group;

3.4 have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

Audit Committee Report
(Cont'd)

3. Authority Of The Audit Committee (Cont'd)

3.5 obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise where necessary; and

3.6 convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

3.7 report promptly to the Bursa Securities on any matters reported by it to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements.

4. Functions

The functions of the Committee should be to review and report to the Board of Directors on matters as follows:

4.1 the nomination, appointment and re-appointment of external auditors and any questions of resignation and dismissal;

4.2 the external auditors' audit plan, the nature and scope of audit, the evaluation of the system of internal controls of the Company and the Group, the external auditors' management letter and management's response;

4.3 the external auditors' audit report, areas of concern arising from the audit and any other matters the external auditors may wish to discuss;

4.4 the extent of co-operation and assistance given by the employees to the external auditors;

4.5 the internal audit function,
- the adequacy of the scope, functions, competency and resources and the necessary authority to carry out the function;
- internal audit program, processes, the results of the internal audit program, processes or investigation undertaken, and ensure appropriate action is taken on the recommendations of the internal audit function;
- review any appraisal or assessment of performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the function and provide resigning staff member an opportunity to submit his reasons for resigning.

4.6 the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy changes;
- significant adjustment arising from audit and unusual events;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements;

4.7 any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

4.8 such other duties and responsibilities as may be prescribed by the Board of Directors from time to time;

5. Meetings and Reporting Procedures

5.1 A quorum for the meeting of Audit Committee shall be two (2) members which the majority of members present must be independent directors.

5.2 In the absence of the Committee Chairman, the remaining members present shall elect one (1) of their number to chair the meeting.

5.3 The Audit Committee shall meet not less than four (4) times in a financial year. The finance director, the head of internal audit and a representative of external auditors should normally attend the meeting of Audit Committee. The Committee may invite other Board members or any person to be in attendance to assist in its deliberation.

5.4 The Audit Committee should meet with the external auditors at least twice a year. The Chairman shall also convene a meeting if requested by external auditors to consider any matter within the scope and responsibilities of Audit Committee.

5.5 The Company Secretary or his/her nominee shall be the Secretary of the Audit Committee. The Chairman shall appoint the Secretary in his/her absence.

5.6 The Secretary shall circulate the minutes of the Committee's meeting to the all the Board of Directors.

Audit Committee Report
(Cont'd)

6. AUDIT COMMITTEE ATTENDANCE RECORD

During the financial year under review, four (4) audit committee meetings were held. The Committee attendance record is as follows:

Name of Members	Designation	No. of Meetings Attended	%
Mr Kwan Tack Chiong	Chairman	4/4	100
Mr Chok Syn Vun*	Member	2/2	100
Mr Ooi Jit Huat	Member	4/4	100
Tan Sri Sabbaruddin Chik#	Member	2/2	100

Note: * Resigned from the Committee on 23 January 2009
Appointed to the Committee on 23 January 2009

7. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities carried out by the Committee during the financial year were as follows:

- reviewed the external auditors' report in relation to the audit for the year ended 30 June 2009.
- reviewed the audited financial statements of the Company and of the Group for the Board of Directors' approval.
- recommended the re-appointment of external auditors.
- reviewed, discussed and recommended the unaudited quarterly results of the Group for the approval of the Board of Directors.
- reviewed the internal audit reports.
- reviewed the Statement of Internal Control in respect of the financial year ended 30 June 2009 and recommended to the Board of Directors' approval.
- reviewed the Audit Committee Report in respect of the financial year ended 30 June 2009 and presented to the Board of Directors' approval.
- reviewed the amended terms of reference of the Audit Committee and recommended for the Board of Directors for approval.
- reviewed and recommended related party transactions of the Group to be presented to the Board of Directors for ratification and approval.

Additional Compliance Information

During the financial year under review:

(a) Share Buy-Back

The Company did not make any purchase of its own shares during the financial year. As at year end, the shares so purchased stood at 15,318,100 ordinary shares and all the shares bought back were held as treasury shares of which none of them were resold or cancelled.

(b) Options, Warrants or Convertible Securities

No options, warrants or convertible securities in the Company were issued or exercised during the financial year.

(c) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programs during the financial year.

(d) Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, or on the Directors or management by the relevant regulatory bodies.

(e) Non-Audit Fees

There is no payment made for non-audit fees by the Company and its subsidiaries to the external auditors.

(f) Variation in Results

There were no material variances between the audited results for the financial year ended 30 June 2009 and the unaudited results released for the quarter ended 30 June 2009 of the Group.

(g) Profit Guarantee

There were no profit guarantees given by the Company and its subsidiary.

(h) Material Contracts

There were no material contracts, including contract relating to loan, entered into by the Company and/or its subsidiary involving Directors and major shareholders that are still subsisting at the end of the financial year or since the end of the previous financial year.

(i) Revaluation Policy on Landed Properties

The Group does not have any revaluation policy on landed properties.

(j) Recurrent Related Party Transactions

At the Company's Extraordinary General Meeting held on 4 December 2008, the shareholders approved the mandate for the Company or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations and in the ordinary course of its business. The aggregate value and type of significant related party transactions are indicated in Note 32 of the Financial Statements outlined in pages 60 to 61 of this Annual Report.

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2009.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are manufacture and sale of plywood and sawn timber, moulded and other processed wood products, trading of logs, provision of wood processing services, timber extraction and property development.

There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of the property development division as disclosed in Note11 to the financial statements.

Results

	Group RM	Company RM
Profit for the year	6,585,979	628,474
Attributable to:		
Equity holders of the Company	6,612,701	628,474
Minority interests	(26,722)	-
	6,585,979	628,474

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Significant events

(i) On 12 February 2009 the Company obtained a bank loan of RM175,000,000 to refinance its existing Commercial Papers or Medium Term Notes Programme and for working capital purposes.

(ii) On 26 May 2009, the Company entered into a conditional sale of shares agreement with Sure Corridor Sdn. Bhd. for the disposal of its entire equity interest in Integral Acres Sdn. Bhd., a 51% owned subsidiary for a total cash consideration of RM3,500,000. The sale of shares was completed subsequent to year end on 24 July 2009.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Sabbaruddin Chik
Lim Nyuk Foh
Chok Syn Vun
Ramlee Bin Mohd. Shariff
Kwan Tack Chiong
Ooi Jit Huat
Datuk Chee Hong Leong (Appointed on 10 February 2009)

Directors' report
(Cont'd)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
The Company	**1 July 2008**	**Acquired**	**Sold**	**30 June 2009**
Direct Interest:				
Tan Sri Sabbaruddin Chik	610,000	-	-	610,000
Lim Nyuk Foh	61,679,626	2,774,700	-	64,454,326
Chok Syn Vun	1,372,408	-	-	1,372,408
Kwan Tack Chiong	1,380,000	-	-	1,380,000

Lim Nyuk Foh by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Treasury shares

As at 30 June 2009, the Company held a total of 15,318,100 of its 153,181,818 issued ordinary shares as treasury shares at a carrying amount of RM12,590,168. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Further relevant details are disclosed in Note 24 to the financial statements.

Other statutory information

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Directors' report
(Cont'd)

Other statutory information (Cont'd)

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors on 22 October 2009.

Lim Nyuk Foh

Chok Syn Vun

Statement by directors/ Statutory declaration

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Lim Nyuk Foh and Chok Syn Vun, being two of the directors of Priceworth Wood Products Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 27 to 64 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2009 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors on 22 October 2009.

Lim Nyuk Foh

Chok Syn Vun

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Koo Jenn Man, being the financial officer primarily responsible for the financial management of Priceworth Wood Products Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 27 to 64 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
Koo Jenn Man at Sandakan
in the State of Sabah
on 22 October 2009

Koo Jenn Man

Before me,

Independent auditors' report

to the members of Priceworth Wood Products Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Priceworth Wood Products Berhad, which comprise the balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 64.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Pang Pak Lok
1228/03/11(J)
Chartered Accountant

Tawau, Malaysia
22 October 2009

Income statements
For the year ended 30 June 2009

		Group		Company	
	Note	**2009 RM**	**2008 RM (Restated)**	**2009 RM**	**2008 RM**
Revenue	3	457,278,882	564,881,761	14,838,314	17,146,496
Cost of sales	4	(378,544,684)	(490,476,312)	-	-
Gross profit		78,734,198	74,405,449	14,838,314	17,146,496
Other income	5	7,783,803	10,481,678	400,882	359,970
Other operating expenses		(608,350)	(1,356,468)	-	-
Administrative expenses		(21,829,674)	(17,427,029)	(3,421,012)	(2,208,657)
Selling expenses		(33,589,752)	(21,591,703)	-	-
Operating profit		30,490,225	44,511,927	11,818,184	15,297,809
Finance costs	6	(23,345,640)	(16,552,348)	(11,189,710)	(11,262,356)
Profit before tax	7	7,144,585	27,959,579	628,474	4,035,453
Income tax	10	(48,073)	1,423,104	-	-
Profit for the year from continuing operations		7,096,512	29,382,683	628,474	4,035,453
Discontinued operation					
Loss for the year from discontinued operation	11	(510,533)	-	-	-
Profit for the year		6,585,979	29,382,683	628,474	4,035,453
Attributable to:					
Equity holders of the Company		6,612,701	29,079,286	628,474	4,035,453
Minority interests		(26,722)	303,397	-	-
		6,585,979	29,382,683	628,474	4,035,453

		Group	
	Note	**2009 RM**	**2008 RM**
Earnings per share attributable to equity holders of the Company (sen):			
Basic, for profit from continuing operations	12	5.15	21.04
Basic, for loss from discontinued operation	12	(0.37)	-
Basic, for profit for the year	12	5.21	21.04
Diluted, for profit from continuing operations	12	5.15	21.04
Diluted, for loss from discontinued operation	12	(0.37)	-
Diluted, for profit for the year	12	5.21	21.04

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

Balance sheets
as at 30 June 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Assets					
Non-current assets					
Property, plant and equipment	14	432,431,652	413,100,831	12,238,586	7,544,831
Biological assets	15	1,423,612	395,795	-	-
Prepaid land lease payments	16	34,194,826	34,584,244	-	-
Intangible assets	17	14,488,948	14,571,851	-	-
Investments in subsidiaries	18	-	-	138,829,325	141,379,325
Other investment	19	50,000	50,000	-	-
Deferred tax	29	-	254,481	-	-
		482,589,038	462,957,202	151,067,911	148,924,156
Current assets					
Property development costs	20	-	43,114,502	-	-
Inventories	21	67,624,820	67,535,566	-	-
Trade and other receivables	22	70,923,737	77,313,880	134,362,764	99,646,866
Cash and bank balances	23	16,964,524	18,543,137	11,594,134	4,195,498
		155,513,081	206,507,085	145,956,898	103,842,364
Assets of disposal group/non-current asset classified as held for sale	11	61,541,128	-	2,550,000	-
		217,054,209	206,507,085	148,506,898	103,842,364
Total assets		699,643,247	669,464,287	299,574,809	252,766,520
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	76,590,909	76,590,909	76,590,909	76,590,909
Share premium	24	54,926,252	54,926,252	54,926,252	54,926,252
Treasury shares	24	(12,590,168)	(12,590,168)	(12,590,168)	(12,590,168)
Retained earnings	25	126,254,746	119,642,045	1,484,707	856,233
		245,181,739	238,569,038	120,411,700	119,783,226
Minority interests		3,108,049	3,134,771	-	-
Total equity		248,289,788	241,703,809	120,411,700	119,783,226

Balance sheets
as at 30 June 2009 (Cont'd)

		Group		Company	
	Note	**2009 RM**	**2008 RM**	**2009 RM**	**2008 RM**
Non-current liabilities					
Borrowings	26	239,329,817	181,763,957	160,841,456	90,000,000
Other payables	28	3,727,962	-	-	-
Deferred tax	29	15,812,024	15,879,300	-	-
		258,869,803	197,643,257	160,841,456	90,000,000
Current liabilities					
Borrowings	26	53,261,374	89,112,606	11,025,069	35,047,934
Trade and other payables	28	76,267,263	127,797,581	7,296,584	7,935,360
Tax payable		11,176,467	13,207,034	-	-
		140,705,104	230,117,221	18,321,653	42,983,294
Liabilities directly associated with assets classified as held for sale	11	51,778,552	-	-	-
		192,483,656	230,117,221	18,231,653	42,983,294
Total liabilities		451,353,459	427,760,478	179,163,109	132,983,294
Total equity and liabilities		699,643,247	669,464,287	299,574,809	252,766,520

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

Consolidated statement of changes in equity

For the year ended 30 June 2009

	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM
		|------------Attributable to equity holders of the Company------------|						
			|----Non-distributable----|		Distributable			
At 1 July 2007		76,590,909	54,926,252	(6,272,807)	94,698,671	219,943,025	2,902,981	222,846,006
Minority interest on subsidiary acquired		-	-	-	-	-	(71,607)	(71,607)
Purchase of treasury shares	24	-	-	(6,317,361)	-	(6,317,361)	-	(6,317,361)
Profit for the year		-	-	-	29,079,286	29,079,286	303,397	29,382,683
Dividend paid	13	-	-	-	(4,135,912)	(4,135,912)	-	(4,135,912)
At 30 June 2008		76,590,909	54,926,252	(12,590,168)	119,642,045	238,569,038	3,134,771	241,703,809
At 1 July 2008		76,590,909	54,926,252	(12,590,168)	119,642,045	238,569,038	3,134,771	241,703,809
Profit for the year		-	-	-	6,612,701	6,612,701	(26,722)	6,585,979
At 30 June 2009		76,590,909	54,926,252	(12,590,168)	126,254,746	245,181,739	3,108,049	248,289,788

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

Company statement of changes in equity
For the year ended 30 June 2009

	Note	Share capital RM	|--------Non-distributable--------| Share premium RM	Treasury shares RM	Distributable Retained earnings RM	Total RM
At 1 July 2007		76,590,909	54,926,252	(6,272,807)	956,692	126,201,046
Profit for the year		-	-	-	4,035,453	4,035,453
Purchase of treasury shares	24	-	-	(6,317,361)	-	(6,317,361)
Dividend paid	13	-	-	-	(4,135,912)	(4,135,912)
At 30 June 2008		76,590,909	54,926,252	(12,590,168)	856,233	119,783,226
At 1 July 2008		76,590,909	54,926,252	(12,590,168)	856,233	119,783,226
Profit for the year		-	-	-	628,474	628,474
At 30 June 2009		76,590,909	54,926,252	(12,590,168)	1,484,707	120,411,700

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

Cash flow statements

For the year ended 30 June 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash flows from operating activities					
Profit/(loss) before tax from:					
Continuing operation		7,144,585	27,959,579	628,474	4,035,453
Discontinued operation	11	(129,832)	-	-	-
Adjustments for:					
Depreciation of property, plant and equipment	7	42,555,115	36,778,813	102,682	102,682
Amortisation of prepaid land lease payments	7	389,418	389,418	-	-
Amortisation of timber rights	7	-	13,779,543	-	-
Impairment of goodwill	7	-	1,293,829	-	-
Property, plant and equipment written-off	5	196,001	394,852	-	-
Gain on disposal of property, plant and equipment	5	(490,343)	(382,410)	-	-
Negative goodwill recognised	5	-	(51,607)	-	-
Interest income	5	(404,654)	(392,967)	(400,882)	(359,970)
Interest expense	6	23,346,972	16,552,348	11,189,710	11,262,356
Operating profit before working capital changes		72,607,262	96,321,398	11,519,984	15,040,521
Increase in property development costs		(15,955,406)	(28,913,432)	-	-
(Increase)/decrease in inventories		(89,254)	9,168,416	-	-
Decrease /(increase) in receivables		5,144,471	7,370,741	(34,715,898)	41,456,142
(Decrease)/increase in payables		(44,080,721)	49,933,191	(638,776)	4,345,379
Cash generated from/(used in)operations		17,626,352	133,880,314	(23,834,690)	60,842,042
Interest paid		(23,346,972)	(16,552,348)	(11,189,710)	(11,262,356)
Income tax paid		(2,145,916)	(809,354)	-	-
Net cash (used in)/generated from operating activities		(7,866,536)	116,518,612	(35,024,400)	49,579,686

Cash flow statements

For the year ended 30 June 2009 (Cont'd)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash flows from investing activities					
Additional investment in subsidiary		-	(20,000)	-	-
Purchase of property, plant and equipment	14(a)	(26,670,226)	(83,777,584)	(4,796,437)	(6,770,365)
Payment for forest planting expenditure	15	(1,027,817)	(395,795)	-	-
Proceeds from disposal of property, plant and equipment		3,740,274	965,382	-	-
Interest received		404,654	392,967	400,882	359,970
Net cash used in investing activities		(23,553,115)	(82,835,030)	(4,395,555)	(6,410,395)
Cash flows from financing activities					
Proceeds from Term Finance		175,000,000	-	175,000,000	-
Repayment of Term Finance		(3,133,475)	-	(3,133,475)	-
Repayment of Commercial Papers		(30,000,000)	(10,000,000)	(30,000,000)	(10,000,000)
Repayment of Medium Term Notes		(95,000,000)	(25,000,000)	(95,000,000)	(25,000,000)
Proceeds from term loan		9,314,068	38,616,629	-	-
Drawdown of revolving credit		22,496,285	16,049,444	-	-
Repayment of revolving credit		(20,475,061)	(18,037,444)	-	-
Repayment of hire purchase and lease financing		(28,265,545)	(23,540,977)	-	-
Acquisition of treasury shares	24	-	(6,317,361)	-	(6,317,361)
Dividend paid	13	-	(4,135,912)	-	(4,135,912)
Net cash generated from/(used in) financing activities		29,936,272	(32,365,621)	46,866,525	(45,453,273)
Net (decrease)/increase in cash and cash equivalents		(1,483,379)	1,317,961	7,446,570	(2,283,982)
Cash and cash equivalents at beginning of year		18,495,203	17,177,242	4,147,564	6,431,546
Cash and cash equivalents at end of year	23	17,011,824	18,495,203	11,594,134	4,147,564

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

Notes to the financial statements
30 June 2009

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, 90000 Sandakan, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 18 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 October 2009.

2. Significant accounting policies

2.1 Basis of preparation

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

The financial statements 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 or 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.

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.

Notes to the financial statements
30 June 2009 (Cont'd)

2. Significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(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.

(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 infinite. 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.

Timber rights

This represents the exclusive rights of two subsidiaries to extract and purchase all commercial timber logs extractable from a designated timber concession area.

Timber rights, considered to have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

The timber rights are amortised on the basis of the volume of timber logs extracted during the financial year as a proportion of the total volume of timber logs extractable over the remaining period from the timber concession area.

(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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of 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%
Heavy equipment, motor vehicles and motor launches	10% - 20%
Plant and machinery	7%
Furniture, fittings and equipment	10% - 33 1/3%
Camp infrastructure	15%

Notes to the financial statements
30 June 2009 (Cont'd)

2. Significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(c) Property, plant and equipment, and depreciation (Cont'd)

Capital work-in-progress is not depreciated until it is completed and ready for use.

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) Biological assets

Forest planting expenditure

All direct and related expenses incurred on the development of the Company's Sustainable Forest Management Project under a Sustainable Forest Management Licence Agreement with the State Government of Sabah is stated at cost and capitalised as biological assets. The expenditure will be amortised upon commencement of log extraction on the basis of the volume of logs extracted during the financial year as a proportion of the estimated volume available.

(e) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(f) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using to the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Notes to the financial statements
30 June 2009 (Cont'd)

2. Significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(f) Construction contracts (Cont'd)

When the total of costs incurred on construction contracts plus recognised profit (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

(g) Impairment of non-financial assets

The carrying amounts of assets, other than construction contract assets, property development costs, 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.

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.

(h) Inventories

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

Cost is determined using the weighted average method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Financial instruments

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

2. Significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(i) Financial instruments (Cont'd)

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 the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investment

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) Trade receivables

Trade 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.

(iv) Trade payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest bearing loans and 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.

(vi) Equity instruments

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

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 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.

Notes to the financial statements
30 June 2009 (Cont'd)

2. Significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(j) 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:

- 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 differences 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.

(k) 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(l) 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. 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 as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly 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 is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(m) 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 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 finance cost.

(n) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contributions plan

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").

(o) 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.

Notes to the financial statements
30 June 2009 (Cont'd)

2. Significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(o) Foreign currencies (Cont'd)

(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 for the period.

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.

(p) Revenue recognition

Revenue is recognised to the extent that 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) Sales of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. 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) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(f).

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Dividend income

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

(v) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(vi) Rental income

Rental income is recognised on an accrual basis in accordance with the terms of rental agreements.

Notes to the financial statements
30 June 2009 (Cont'd)

2. Significant accounting policies (Cont'd)

2.2 Summary of significant accounting policies (Cont'd)

(q) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classifield as held for sale have been met or it has been disposed of and such a component represents a separate major line or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operation or is a subsidiary acquired exclusively with a view to resale.

2.3 Standards and interpretations issued but not yet effective

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

FRSs, Amendments to FRSs and Interpretations	**Effective for financial periods beginning on or later**
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
FRS 123: Borrowings	1 January 2010
FRS 101: Presentation of Financial Statements (revised 2009)	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The limit on a Defined Benefit Assets, Minimum Funding requirements and their Interaction	1 January 2010
Amendments to FRS 1: First time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 7: Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements: Cost of investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 132: Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139: Financial Instruments: Recognition and Measurment	1 January 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"	1 January 2010

The new FRSs, Amendments to FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and 139.

Notes to the financial statements
30 June 2009 (Cont'd)

2. Significant accounting policies (Cont'd)

2.4 Significant accounting estimates and judgements

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 and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 30 June 2009 was RM14,488,948 (2008: RM14,571,851). Further details are disclosed in Note 17.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances 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 capital and reinvestment allowances of the Group was RM72,835,052 (2008: RM63,856,592) and the unrecognised tax losses and reinvestment allowances of the Group was RM23,233,852 (2008: RM45,637,561).

(iii) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years. These are common life expectancies applied in timber operation. Changes in the expected level of usage could impact the economic useful lives and the residual value of these assets, therefore further depreciation charges could be revised.

3. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sale of processed wood products	300,715,834	282,722,414	-	-
Sale of logs	58,275,328	150,607,057	-	-
Contract fees	89,248,118	120,985,567	-	-
Road tolls	9,039,602	10,566,723	-	-
Gross dividend from a subsidiary	-	-	14,838,314	17,146,496
	457,278,882	564,881,761	14,838,314	17,146,496

4. Cost of sales

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost of goods sold and services rendered	378,544,684	490,476,911	-	-

Notes to the financial statements
30 June 2009 (Cont'd)

5. Other income

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Deposits with licensed banks	315,804	353,718	312,032	324,547
Repos	88,850	35,423	88,850	35,423
Overdue accounts	-	3,826	-	-
	404,654	392,967	400,882	359,970
Gain on disposal of property, plant and equipment	392,843	382,410	-	-
Gain on foreign exchange	5,017	11,898	-	-
Gate pass income	414,785	636,915	-	-
Handling charges	-	1,228	-	-
Insurance claim received	809,807	663,474	-	-
Rental income	2,558,866	4,780,038	-	-
Miscellaneous income	2,653,930	2,832,175	-	-
Sale of scrap iron	170,075	329,224	-	-
Sale of saw dust	373,826	399,742	-	-
Negative goodwill recognised	-	51,607	-	-
	7,783,803	10,481,678	400,882	359,970

6. Finance costs

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Interest expense on:				
Term Finance	3,901,450	-	3,901,450	-
Medium Term Notes	5,857,014	9,053,603	5,857,014	9,053,603
Commercial Papers	1,431,246	2,208,753	1,431,246	2,208,753
Hire purchase	10,006,584	4,294,732	-	-
Letters of credit	108,603	109,228	-	-
Others	1,667,909	625,793	-	-
Revolving credit	372,834	260,239	-	-
	23,345,640	16,552,348	11,189,710	11,262,356

7. Profit before tax

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

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Employee benefits expense (Note 8)	44,891,072	51,629,814	63,544	82,728
Non-executive directors' remuneration (Note 9)	265,000	290,250	265,000	290,250
Auditors' remuneration:				
Statutory audits:				
- Current year	148,700	122,300	30,000	25,000
- Underprovided in prior years	5,500	5,000	5,000	-
Other services	16,000	56,300	9,000	9,000
Amortisation of timber rights (Note 17)	-	13,779,543	-	-
Impairment of intangible assets (Note 17):	-	1,293,829	-	-
Depreciation of property, plant and equipment (Note 14)	42,555,115	36,778,813	102,682	102,682
Amortisation of prepaid land lease payments (Note 16)	389,418	389,418	-	-
Hire of equipment	1,986,828	2,443,822	-	-
Property, plant and equipment written-off	-	394,852	-	-
Rental of log yards	-	92,000	-	-
Rental of premises	637,608	514,376	123,019	123,019

Notes to the financial statements
30 June 2009 (Cont'd)

8. Employee benefits expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Salaries, wages and allowances	43,203,954	49,683,215	55,708	72,084
Social security contributions	246,066	931,798	966	1,144
Contributions to defined contribution plan	1,441,052	1,054,390	6,870	9,500
	44,891,072	51,669,403	63,544	82,728
Less: Capitalised in property development costs	-	(39,589)	-	-
	44,891,072	51,629,814	63,544	82,728

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM769,405 (2008: RM848,078) as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors' remuneration (Note 8):				
Salaries	635,550	732,000	-	-
Other emoluments	133,855	116,078	-	-
	769,405	848,078	-	-
Non-executive directors' remuneration (Note 7):				
Fees	265,000	258,000	265,000	258,000
Other emoluments	-	32,250	-	32,250
	265,000	290,250	265,000	290,250
Total directors' remuneration	1,034,405	1,138,328	265,000	290,250

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

	Number of directors	
	2009	2008
Executive directors:		
RM250,001 to RM300,000	1	1
RM450,001 to RM500,000	1	-
RM550,001 to RM600,000	-	1
Non-executive directors:		
Below RM50,000	4	3
RM100,001 to RM150,000	1	1

Notes to the financial statements
30 June 2009 (Cont'd)

9. Directors' remuneration (Cont'd)

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Executive:				
Salaries	601,590	732,000	-	-
Bonus	14,753	50,000	-	-
Defined contribution plan	111,744	65,458	-	-
Social security contribution	2,690	620	-	-
	730,777	848,078	-	-
Non-executive:				
Salaries	265,000	258,000	265,000	258,000
Bonus	-	32,250	-	32,250
	265,000	290,250	265,000	290,250
	995,777	1,138,328	265,000	290,250

10. Income tax expense

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current income tax:				
Provision for the year	115,788	341,278	-	-
(Over)/underprovision in prior years	(439)	794,555	-	-
	115,349	1,135,833	-	-
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	1,030,473	(3,077,309)	-	-
Relating to changes in tax rates	(435,901)	(579,663)	-	-
(Over)/underprovision in prior years	(661,848)	1,098,035	-	-
	(67,276)	(2,558,937)	-	-
	48,073	(1,423,104)	-	-

Current income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

Notes to the financial statements
30 June 2009 (Cont'd)

10. Income tax expense (Cont'd)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2009 RM	2008 RM
Group		
Profit before tax	7,144,585	27,959,579
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	1,786,146	7,269,491
Effect of changes in tax rates	(435,901)	(579,663)
Effect of income subject to tax rate of 20%	-	(43,964)
Effect of income not subject to tax	(122,086)	(196,342)
Effect of expenses not deductible for tax purposes	4,309,478	4,234,934
Effect of utilisation of previously unrecognised tax losses and unabsorbed reinvestment allowances	(4,827,277)	(14,059,585)
Deferred tax assets not recognised in respect of current year's tax losses	-	59,435
(Over)/underprovision of deferred tax in prior years	(661,848)	1,098,035
(Over)/underprovision of tax expense in prior years	(439)	794,555
	48,073	(1,423,104)

	2009 RM	2008 RM
Company		
Profit before tax	628,474	4,035,453
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	157,119	1,049,218
Effect of income not subject to tax	(3,709,579)	(4,458,089)
Effect of expenses not deductible for tax purposes	3,552,460	3,408,871
	-	-

Tax savings during the financial year arising from:

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Utilisation of tax losses	8,720,046	36,671,646	-	-
Utilisation of unabsorbed reinvestment allowance brought forward	736,948	-	-	-

11. Discontinued operation and disposal group classified as held for sale

On 26 May 2009, the Company entered into a conditional sale of shares agreement with Sure Corridor Sdn. Bhd. for the disposal of its entire equity interest in Integral Acres Sdn. Bhd., a partially-owned subsidiary for a total cash consideration of RM3,500,000. The sale of shares was completed subsequent to year end on 24 July 2009.

Notes to the financial statements
30 June 2009 (Cont'd)

11. Discontinued operation and disposal group classified as held for sale (Cont'd)

An analysis of the result of discontinued operation and the disposal group is as follows:

	Group 2009 RM
Other income	116,609
Expenses	(246,441)
Loss before tax of discontinued operation	(129,832)
Income tax expenses	(380,701)
Loss for the year from discontinued operation	(510,533)

The following amounts have been included in arriving at loss before tax of discontinued operation:

	Group 2009 RM
Auditors' remuneration:	
- statutory audits	16,000
- other services	2,500
Depreciation of property, plant and equipment	187,713
Rental of car park	3,780
Hiring of equipment	615,833

The cash flows attributable to the discontinued operation are as follows:

Operating cash flows	(12,713,306)
Investing cash flows	2,405,803
Financing cash flows	9,283,300
Total cash outflow	(1,024,203)

The major classes of assets and liabilities of Integral Acres Sdn. Bhd. classified as held for sale on the consolidated balance sheet as at 30 June 2009 are as follows:

	Carrying amounts as at 30.06.2009 RM
Assets	
Property, plant and equipment	1,095,345
Intangible assets	82,903
Property development cost	59,069,908
Trade and other receivables	1,245,672
Cash and bank balances	47,300
Assets of disposal classified as held for sale	61,541,128
Liabilities	
Trade and other payables	(3,721,635)
Borrowings	(47,930,697)
Current tax payable	(22,891)
Deferred tax	(103,329)
Liabilities directly associated with assets classified as held for sale	(51,778,552)

Notes to the financial statements
30 June 2009 (Cont'd)

11. Discontinued operation and disposal group classified as held for sale (Cont'd)

The non-current asset classified as held for sale on the Company's balance sheet as at 30 June 2009 is as follows:

	Carrying amounts as at 30.06.2009 RM
Assets	
Investment in subisidiary	2,550,000

12. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for 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.

	2009 RM	2008 RM
Profit from continuing operations attributable to ordinary equity holders of the Company	7,123,234	29,079,286
Loss from discontinued operation attributable to ordinary equity holders of the Company	(510,533)	-
Profit attributable to ordinary equity holders of the Company	6,612,701	29,079,286

	2009	2008
Weighted average number of ordinary shares in issue	138,182,056	138,182,056

	2009 Sen	2008 Sen
Basic earnings per share for:		
Profit from continuing operations	5.15	21.04
Loss from discontinued operation	(0.37)	-
Profit for the year	4.78	21.04

(b) Diluted

The Group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share is presented as equal to basic earning per share.

13. Dividend

	Dividend in respect of year			Dividend recognised in year	
	2009 RM	2008 RM	2007 RM	2009 RM	2008 RM
Recognised during the year:					
Final tax exempt dividend for 2007: 3% on 137,863,718 ordinary shares (3 sen per ordinary share)	-	-	4,135,912	-	4,135,912

Notes to the financial statements
30 June 2009 (Cont'd)

14. Property, plant and equipment

Group	Buildings RM	Heavy equipment, motor vehicles and motor launches RM	Plant and machinery RM	Furniture, fittings and equipment RM	Aircraft RM	Camp infrastructure RM	Capital work-in-progress RM	Total RM
At 30 June 2009								
Cost								
At 1 July 2008	105,998,918	187,521,831	171,542,844	7,846,603	14,465,830	29,613,382	17,315,400	534,304,808
Additions	5,824,124	8,362,092	22,658,278	1,203,510	-	3,572,694	27,669,799	69,290,497
Disposals	-	(2,664,228)	(991,223)	(153,454)	-	-	(3,549,908)	(7,358,813)
Write-off	-	(240,000)	-	(7,080)	-	-	-	(247,080)
Reclassification	715,934	(133)	17,519,245	6,228	-	-	(18,241,274)	-
Adjustment	-	-	-	-	-	-	(1,602,989)	(1,602,989)
Reclassified as held for sale	(299,228)	(533,530)	(587,153)	(41,360)	-	-	-	(1,461,271)
At 30 June 2009	112,239,748	192,446,032	210,141,991	8,854,447	14,465,830	33,186,076	21,591,028	592,925,152
Accumulated depreciation								
At 1 July 2008	6,563,724	55,920,092	38,869,853	5,236,132	1,398,098	13,216,078	-	121,203,977
Depreciation charge for the year (Note 7)	2,765,609	19,273,294	13,505,280	978,166	1,446,675	4,586,091	-	42,555,115
Disposals	-	(1,871,754)	(922,158)	(54,675)	-	-	-	(2,848,587)
Write-off	-	(44,000)	-	(7,079)	-	-	-	(51,079)
Reclassified as held for sale	(78,615)	(221,894)	(48,576)	(16,841)	-	-	-	(365,926)
At 30 June 2009	9,250,718	73,055,738	51,404,399	6,135,703	2,844,773	17,802,169	-	160,493,500
Net carrying amount								
At 30 June 2009	102,989,030	119,390,294	158,737,592	2,718,744	11,621,057	15,383,907	21,591,028	432,431,652
At 30 June 2008								
Cost								
At 1 July 2007	48,550,348	162,568,615	95,430,192	7,099,389	-	28,234,355	67,454,758	409,337,657
Additions	5,712,175	26,267,851	37,547,083	795,929	14,465,830	1,582,790	40,162,606	126,534,264
Disposals	-	(862,938)	-	(42,487)	-	(203,763)	-	(1,109,188)
Write-off	-	(457,925)	-	-	-	-	-	(457,925)
Reclassifications	51,736,395	6,228	38,565,569	(6,228)	-	-	(90,301,964)	-
At 30 June 2008	105,998,918	187,521,831	171,542,844	7,846,603	14,465,830	29,613,382	17,315,400	534,304,808
Accumulated depreciation								
At 1 July 2007	4,772,186	37,912,601	28,717,817	4,274,737	-	9,337,112	-	85,014,453
Depreciation charge for the year (Note 7)	1,791,538	18,544,963	10,152,036	980,712	1,398,098	3,911,466	-	36,778,813
Disposals	-	(475,090)	-	(18,626)	-	(32,500)	-	(526,216)
Write-off	-	(63,073)	-	-	-	-	-	(63,073)
Reclassifications	-	691	-	(691)	-	-	-	-
At 30 June 2008	6,563,724	55,920,092	38,869,853	5,236,132	1,398,098	13,216,078	-	121,203,977
Net carrying amount								
At 30 June 2008	99,435,194	131,601,739	132,672,991	2,610,471	13,067,732	16,397,304	17,315,400	413,100,831

Notes to the financial statements
30 June 2009 (Cont'd)

14. Property, plant and equipment (Cont'd)

Company	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
At 30 June 2009				
Cost				
At 1 July 2008	348,600	234,742	7,176,922	7,760,264
Addition	-	-	4,796,437	4,796,437
At 30 June 2009	348,600	234,742	11,973,359	12,556,701
Accumulated depreciation				
At 1 July 2008	104,580	110,853	-	215,433
Depreciation charge for the year (Note 7)	69,720	32,962	-	102,682
At 30 June 2009	174,300	143,815	-	318,115
Net carrying amount				
At 30 June 2009	174,300	90,927	11,973,359	12,238,586
At 30 June 2008				
Cost				
At 1 July 2007	348,600	234,742	406,557	989,899
Addition	-	-	6,770,365	6,770,365
At 30 June 2008	348,600	234,742	7,176,922	7,760,264
Accumulated depreciation				
At 1 July 2007	34,860	77,891	-	112,751
Depreciation charge for the year (Note 7)	69,720	32,962	-	102,682
At 30 June 2008	104,580	110,853	-	215,433
Net carrying amount				
At 30 June 2008	244,020	123,889	7,176,922	7,544,831

(a) During the financial year, the Group acquired property, plant and equipment at an aggregate cost of RM69,290,497 (2008: RM126,534,264) of which RM39,213,571 (2008: RM42,756,680) was acquired by means of finance lease arrangements.

(b) Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group 2009 RM	Group 2008 RM
Tractors and heavy equipment	128,672,443	110,288,373
Motor vehicles and dump trucks	12,434,702	21,492,288
Plant and machinery	427,990	463,550
Aircraft	11,621,980	11,655,000
	153,157,115	143,899,211

(c) All the property, plant and equipment of the Group have been pledged as part of the securities for borrowing granted to the Group and the Company as disclosed in Note 26 to the financial statements.

Notes to the financial statements
30 June 2009 (Cont'd)

15. Biological assets

Forest planting expenditure

Group

	2009 RM	2008 RM
Cost		
At 1 July	395,795	-
Additions	1,027,817	395,795
At 30 June	1,423,612	395,795

The forest plantation development expenditure is in respect of expenditure incurred on the development of the Group's sustainable Forest Management Project, of a 50 years concession for 979 hectares of timber land under a sustainable Forest Management License Agreement with the State Government of Sabah at Pinagah Forest Reserve.

16. Prepaid land lease payments

	Group	
	2009 RM	2008 RM
Long term leasehold land		
At beginning of year	34,584,244	34,973,662
Amortisation for the year (Note 7)	(389,418)	(389,418)
At end of year	34,194,826	34,584,244

Leasehold land of the Group have been pledged as part of the securities for borrowings granted to the Group and the Company as disclosed in Note 26 to the financial statements.

17. Intangible assets

Group	Goodwill RM	Timber rights RM	Total RM
Cost			
At 1 July 2008	19,727,756	107,614,000	127,341,756
Reclassified as held for sale (Note 11)	(82,903)	-	(82,903)
At 30 June 2009	19,644,853	107,614,000	127,258,853
Accumulated amortisation and impairment			
At 30 June 2008 and 30 June 2009	5,155,905	107,614,000	112,769,905
Net carrying amount			
At 30 June 2008	14,571,851	-	14,571,851
At 30 June 2009	14,488,948	-	14,488,948

Notes to the financial statements
30 June 2009 (Cont'd)

17. Intangible assets (Cont'd)

Impairment test for goodwill

Allocation of goodwill

Goodwill is related to timber operation.

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	Growth Rate		Discount Rate	
	2009	2008	2009	2008
	%	%	%	%
Timber operation	5.6	5.6	8.0	8.0

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(ii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the industry.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the timber operation, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts, save as discussed below:

Sales and logs/timber supply assumptions

The management recognises that any significant changes in the market selling price for its timber products and logs/timber supply can have a significant impact on the sales and logs/timber supply assumptions made in the projections.

18. Investments in subsidiaries

	Company	
	2009	2008
	RM	RM
Unquoted shares at cost:		
At beginning of year	141,379,325	141,379,325
Reclassified to held for sale (Note 11)	(2,550,000)	-
At end of year	138,829,325	141,379,325

Notes to the financial statements
30 June 2009 (Cont'd)

18. Investments in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Held by the Company:				
Priceworth Industries Sdn. Bhd.*	Malaysia	Manufacture and sale of processed wood products, trading of logs and provision of wood processing services	100	100
Teras Selasih Sdn. Bhd.	Malaysia	Dormant	100	100
Cergas Kenari Sdn. Bhd.	Malaysia	Dormant	100	100
Sinora Sdn. Bhd.	Malaysia	Manufacture and sale of plywood and sawn timber and trading of logs	100	100
Innora Sdn. Bhd.	Malaysia	Manufacture and sale of moulded wood products and trading of logs	100	100
Integral Acres Sdn. Bhd.** #	Malaysia	Property development	51	51
*** Held through Priceworth Industries Sdn. Bhd.**				
Ligreen Enterprise Sdn. Bhd.	Malaysia	Dormant	100	100
Maxland Sdn. Bhd.	Malaysia	Timber extraction and land development	100	100
Cabaran Cerdas Sdn. Bhd.	Malaysia	Dormant	100	100
Rimbunan Gagah Sdn. Bhd.	Malaysia	Manufacture and sale of processed wood products	64.5	64.5
**** Held through Integral Acres Sdn. Bhd.**				
Integral Acres Construction Sdn. Bhd.#	Malaysia	Construction contracts	100	100

Classified as discontinued operation during the current financial year.

19. Other investment

	Group 2009 RM	2008 RM
Unquoted shares, at cost	50,000	50,000

Notes to the financial statements
30 June 2009 (Cont'd)

20. Property development costs

Group	Land held for development RM	Development costs RM	Total RM
At 30 June 2009			
Cumulative property development costs			
At 1 July 2008	1,000,000	42,114,502	43,114,502
Costs incurred during the year	-	15,955,406	15,955,406
Reclassified as held for sale (Note 11)	(1,000,000)	(58,069,908)	(59,069,908)
Property development costs at 30 June 2009	-	-	-
At 30 June 2008			
Cumulative property development costs			
At 1 July 2007	1,000,000	13,201,070	14,201,070
Costs incurred during the year	-	28,913,432	28,913,432
Property development costs at 30 June 2008	1,000,000	42,114,502	43,114,502

21. Inventories

	2009 RM	2008 RM
Cost		
Log contract work-in-progress	21,089,754	8,625,808
Raw materials	3,835,641	5,005,819
Work-in-progress	961,517	1,830,414
Finished goods	30,779,421	37,961,739
Consumable goods	6,050,601	7,419,516
Production supplies	4,742,213	6,692,260
Nursery	137,271	-
	67,596,418	67,535,566
Net realisable value		
Production supplies	28,402	-
	67,624,820	67,535,566

22. Trade and other receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables				
Third parties	32,085,023	35,912,190	-	-
Other receivables				
Due from subsidiaries	-	-	133,208,522	97,946,807
Deposits for acquisition of machinery	-	4,200,000	-	-
Deposits for log supplies	21,448,796	9,951,940	-	-
Other deposits	1,244,403	2,133,642	43,777	41,633
Prepayments	6,545,716	9,939,688	1,108,337	1,656,899
Sundry receivables	9,599,799	15,176,420	2,128	1,527
	38,838,714	41,401,690	134,362,764	99,646,866
	70,932,737	77,313,880	134,362,764	99,646,866

Notes to the financial statements
30 June 2009 (Cont'd)

22. Trade and other receivables (Cont'd)

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Company's normal trade credit terms range from 60 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

(b) Deposits for log supplies

Deposits for log supplies represent advances paid to log suppliers for logs to be purchased.

(c) Amounts due from subsidiaries

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 32.

23. Cash and cash equivalents

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash on hand and at banks	3,270,681	14,407,271	49,929	205,498
Deposits with licensed banks	13,693,843	4,135,866	11,544,205	3,990,000
Cash and bank balances	16,964,524	18,543,137	11,594,134	4,195,498
Less: Bank overdrafts (Note 26)	-	(47,934)	-	(47,934)
	16,964,524	18,495,203	11,594,134	4,147,564
Cash and bank balances classified as held for sale (Note 11)	47,300	-	-	-
Total cash and cash equivalents	17,011,824	18,495,203	11,594,134	4,147,564

Included in deposits with licensed banks of the Group amounting to RM2,029,000 (2008: RM29,000) are pledged to the bankers to secure bank guarantees granted to the government departments and hence, are not available for general use.

Other information on financial risks of cash and cash equivalents are disclosed in Note 33.

24. Share capital, share premium and treasury shares

	Number of ordinary shares of RM 0.50 each		Amount			
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 July 2007	153,181,818	(10,533,900)	76,590,909	54,926,252	131,517,161	(6,272,807)
Transaction costs	-	-	-	-	-	(27,598)
Purchase of treasury shares	-	(4,784,200)	-	-	-	(6,289,763)
At 30 June 2008 and 30 June 2009	153,181,818	(15,318,100)	76,590,909	54,926,252	131,517,161	(12,590,168)

Notes to the financial statements
30 June 2009 (Cont'd)

24. Share capital, share premium and treasury shares (Cont'd)

	Number of ordinary shares of RM0.50 each 2009	2008	Amount 2009 RM	2008 RM
Authorised share capital				
At 1 July and 30 June	200,000,000	200,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

This amount relates to the acquisition cost of treasury shares. The shareholders of the Company, by a resolution passed in a general meeting held on 4 December 2008, 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.

Of the total 153,181,818 (2008: 153,181,818) issued and fully paid ordinary shares as at 30 June 2009, 15,318,100 (2008: 15,318,100) are held as treasury shares by the Company. As at 30 June 2009, the number of outstanding ordinary shares in issue after the setoff is therefore 137,863,718 (2008: 137,863,718) ordinary shares of RM0.50 each.

25. Retained earnings

As at 30 June 2009, the Company has tax exempt profits available for distribution of approximately RM64,308,346 (2008: RM49,470,032), subject to the agreement of the Inland Revenue Board.

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 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 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 30 June 2009 and 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 30 June 2009 and 2008, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

26. Borrowings

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Short term borrowings				
Secured:				
Term Finance	11,025,069	-	11,025,069	-
Medium Term Notes	-	25,000,000		25,000,000
Commercial Papers	-	10,000,000		10,000,000
Revolving credit	9,973,224	7,952,000	-	-
Term loan	-	10,200,000	-	-
Hire purchase liabilities and finance lease (Note 27)	32,263,081	35,912,672	-	-
	53,261,374	89,064,672	11,025,069	35,000,000
Unsecured:				
Bank overdrafts (Note 23)	-	47,934	-	47,934
	53,261,374	89,112,606	11,025,069	35,047,934

Notes to the financial statements
30 June 2009 (Cont'd)

26. Borrowings (Cont'd)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Long term borrowings				
Secured:				
Term Finance	160,841,456	-	160,841,456	-
Medium Term Notes	-	70,000,000	-	70,000,000
Commercial Papers	-	20,000,000	-	20,000,000
Term loan	-	28,416,629	-	-
Hire purchase liabilities and finance lease (Note 27)	78,488,361	63,347,328	-	-
	239,329,817	181,763,957	160,841,456	90,000,000

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Total borrowings				
Term Finance	171,866,525	-	171,866,525	-
Bank overdrafts (Note 23)	-	47,934	-	47,934
Medium Term Notes	-	95,000,000	-	95,000,000
Commercial Papers	-	30,000,000	-	30,000,000
Revolving credit	9,973,224	7,952,000	-	-
Term loan	-	38,616,629	-	-
Hire purchase and finance lease liabilities (Note 27)	110,751,442	99,260,000	-	-
	292,591,191	270,876,563	171,866,525	125,047,934

The Term Finance of the Company are secured by a debenture creating fixed and floating charges over all the property, plant and equipment and leasehold lands of the Group, both present and future.

The revolving credit is secured by a corporate guarantee by the Company.

The term loan was secured by the following:

(i) a first legal charge over a leasehold land owned by a director of the Company;
(ii) a first legal charge over a leasehold land owned by third parties;
(iii) a charge over the shares of the Company held by a director of the Company;
(iv) corporate guarantee by a third party; and
(v) joint and several guarantee given by certain directors of the Company and its subsidiary.

Other information on financial risks of borrowings is disclosed in Note 33.

27. Hire purchase and finance lease liabilities

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Future minimum lease payments:				
Not later than 1 year	41,556,396	43,290,902	-	-
Later than 1 year and not later than 2 years	39,276,079	34,552,747	-	-
Later than 2 years and not later than 5 years	54,681,704	43,047,395	-	-
Total future minimum lease payments	135,514,179	120,891,044	-	-
Less: Future finance charges	(24,762,737)	(21,631,044)	-	-
Present value of finance lease liabilities (Note 26)	110,751,442	99,260,000	-	-

Notes to the financial statements
30 June 2009 (Cont'd)

27. Hire purchase and finance lease liabilities (Cont'd)

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Analysis present value of finance lease liabilities:				
Not later than 1 year	32,263,081	35,912,672	-	-
Later than 1 year and not later than 2 years	30,996,599	30,011,447	-	-
Later than 2 years and not later than 5 years	47,491,762	33,335,881	-	-
Later than 5 years	-	-	-	
	110,751,442	99,260,000	-	-
Less: Amount due within 12 months (Note 26)	(32,263,081)	(35,912,672)	-	-
Amount due after 12 months (Note 26)	78,488,361	63,347,328	-	-

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 33.

28. Trade and other payables

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current				
Trade payables				
Third parties	32,584,729	60,960,174	-	-
Other payables				
Accruals	5,590,426	7,899,933	-	1,072,411
Deposits	2,207,193	891,678	1,750,000	-
Other payables	35,884,915	58,045,796	5,546,584	6,862,949
	43,682,534	66,837,407	7,296,584	7,935,360
	76,267,263	127,797,581	7,296,584	7,935,360
Non-current				
Other payables	3,727,962	-	-	-

(a) Trade payables

The payables are non-interest bearing and the normal trade credit terms granted to the Group range from 60 days to 90 days.

(b) Other payables

Included in other payables of the Group is an amount of RM14,927,962 (2008: RM28,226,685) bears interest of 5.7% (2008: 5.7%) per annum. This amount is unsecured and is to be settled in cash.

Other information on financial risks of payables is disclosed in Note 33.

Notes to the financial statements
30 June 2009 (Cont'd)

29. Deferred tax

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
At beginning of year	15,624,819	18,183,756	-	-
Recognised in income statement (Note 10)	(67,276)	(2,558,937)	-	-
Reclassified as held for sale (Note11)	254,481	-	-	-
At end of year	15,812,024	15,624,819	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	(254,481)	-	-
Deferred tax liabilities	15,812,024	15,879,300	-	-
	15,812,024	15,624,819	-	-

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:

	Property, Timber rights RM	Prepaid plant and equipment RM	land lease payments RM	Total RM
At I July 2008	-	28,324,880	3,264,087	31,588,967
Recognised in income statement	-	2,181,515	288,072	2,469,587
Reclassified as held for sale (Note11)	-	(37,767)	-	(37,767)
At 30 June 2009	-	30,468,628	3,552,159	34,020,787
At I July 2007	3,858,272	22,257,381	3,443,851	29,559,504
Recognised in income statement	(3,858,272)	6,067,499	(179,764)	2,029,463
At 30 June 2008	-	28,324,880	3,264,087	31,588,967

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM	Unabsorbed reinvestment allowances RM	Total RM
At I July 2008	(15,964,148)	-	(15,964,148)
Recognised in income statement	(1,880,126)	(656,737)	(2,536,863)
Reclassified as held for sale (Note11)	292,248	-	292,248
At 30 June 2009	(17,552,026)	(656,737)	(18,208,763)
At I July 2007	(11,375,748)	-	(11,375,748)
Recognised in income statement	(4,588,400)	-	(4,588,400)
At 30 June 2008	(15,964,148)	-	(15,964,148)

Notes to the financial statements
30 June 2009 (Cont'd)

29. Deferred tax (Cont'd)

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

	Group 2009 RM	Group 2008 RM
Unabsorbed reinvestment allowances	2,995,051	11,980,202
Unutilised tax losses	20,238,801	33,217,307
Other deductible temporary differences	-	440,052
	23,233,852	45,637,561

The availability of unutilised tax losses and unabsorbed allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guideline issued by the tax authority.

30. Capital commitments

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Capital expenditure				
Approved and contracted for:				
Plant and equipment	-	17,403,750	-	-
Construction of buildings	2,850,000	13,800,000	2,850,000	13,800,000
	2,850,000	31,203,750	2,850,000	13,800,000

31. Contingent liabilities

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Unsecured:				
Corporate guarantees given to banks for hire purchase financing facilities granted to a subsidiary	-	-	132,000,000	119,000,000

32. Related party disclosures

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2009		2008	
Group	**Amount of transactions RM**	**Outstanding amount RM**	**Amount of transactions RM**	**Outstanding amount RM**
Transactions with companies in which one of the directors, Lim Nyuk Foh has interest:				
Mujur Bakat Sdn. Bhd.				
Purchase of logs	-	-	6,085,145	-
Maxland Enterprise Sdn. Bhd.				
Rental of premises	109,200	-	97,200	-
Himpunan Palma Sdn. Bhd.				
Rental fee received	(24,800)	-	-	-

Notes to the financial statements
30 June 2009 (Cont'd)

32. Related party disclosures (Cont'd)

Group	2009 Amount of transactions RM	2009 Outstanding amount RM	2008 Amount of transactions RM	2008 Outstanding amount RM
Layang Layang Udara Sdn. Bhd.				
Administration fees	-	-	12,612	-
Hire of equipment	-	-	254,422	-

The directors consider that the purchase of logs and rental paid were made according to the published prices and conditions similar to those offered to the major customers of the supplier, except that interest was not charged on overdue balances. There were no outstanding balances with these related parties as at year end.

(b) Compensation of key management personnel

The remuneration of directors, who are also the members of key management during the year was as follows:

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Short-term employee benefits	881,343	1,072,250	265,000	290,250
Post-employment benefits:				
Defined contribution plan	111,744	65,458	-	-
Social security contribution	2,690	620	-	-
	995,777	1,138,328	265,000	290,250

33. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its commodity price risk, interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Commodity price risk

The Group's earnings are affected by changes in the prices of its raw material and its manufactured products.

(c) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly place in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings.

Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Notes to the financial statements
30 June 2009 (Cont'd)

33. Financial instruments (cont'd.)

(c) Interest rate risk (cont'd.)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group and of 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
At 30 June 2009							
Group							
Fixed rate							
Term Finance	26	4.54	(11,025,069)	(11,903,545)	(41,709,791)	(107,228,120)	(171,866,525)
Hire purchase and finance lease liabilities	27	5.2	(32,263,081)	(30,996,599)	(47,491,762)	-	(110,751,442)
Other payables	28	5.7	(11,200,000)	(3,727,962)	-	-	(14,927,962)
Floating rate							
Deposits with licensed banks	23	3.1	6,139,638	-	-	-	6,139,638
Revolving credit	26	4.4	(9,973,224)	-	-	-	(9,973,224)
Company							
Fixed rate							
Term Finance	26	4.54	(11,025,069)	(11,903,545)	(41,709,791)	(107,228,120)	(171,866,525)
Floating rate							
Deposits with licensed banks	23	3.1	6,139,638	-	-	-	6,139,638

	Note	WAEIR %	Within 1 year RM	1–2 years RM	2–5 years RM	Total RM
At 30 June 2008						
Group						
Fixed rate						
Medium Term Notes	26	7.9	(25,000,000)	(25,000,000)	(45,000,000)	(95,000,000)
Commercial Papers	26	5.5	(10,000,000)	(10,000,000)	(10,000,000)	(30,000,000)
Hire purchase and finance lease liabilities	27	5.5	(35,912,672)	(30,011,447)	(33,335,881)	(99,260,000)
Floating rate						
Deposits with licensed banks	23	3.5	4,135,866	-	-	4,135,866
Revolving credit	26	5.2	(7,952,000)	-	-	(7,952,000)
Term loan	26	9.3	(10,200,000)	(20,400,000)	(8,016,629)	(38,616,629)
Company						
Fixed rate						
Medium Term Notes	26	7.9	(25,000,000)	(25,000,000)	(45,000,000)	(95,000,000)
Commercial Papers	26	5.5	(10,000,000)	(10,000,000)	(10,000,000)	(30,000,000)
Floating rate						
Deposits with licensed banks	23	3.4	3,990,000	-	-	3,990,000

33. Financial instruments (Cont'd)

(c) Interest rate risk (Cont'd)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced monthly. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

(d) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily the United States Dollars. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are not hedged.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currencies of group companies	Net financial assets held in non-functional currency United States Dollars RM
At 30 June 2009	
Ringgit Malaysia	3,987,562
At 30 June 2008	
Ringgit Malaysia	3,884,326

(e) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(f) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(g) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximately their fair values.

Notes to the financial statements
30 June 2009 (Cont'd)

34. Significant events

(i) On 12 February 2009, the Company obtained a bank loan of RM175,000,000 to refinance its existing Commercial Papers or Medium Term Notes Programme and for working capital purposes.

(ii) On 26 May 2009, the Company entered into a conditional sale of shares agreement with Sure Corridor Sdn. Bhd. for the disposal of its entire equity interest in Integral Acres Sdn. Bhd., a partially-owned subsidiary for a total cash consideration of RM3,500,000. The sale of shares was completed subsequent to year end on 24 July 2009.

35. Comparatives figures

The following comparative amounts have been restated to conform with this year presentation:

Description of change	Previously stated RM	Increase/ (decrease) RM	Restated RM
For the year ended 30 June 2008			
Group			
Cost of sales	489,402,016	1,074,296	490,476,312
Other operating expense	-	1,356,468	1,356,468
Administrative expenses	19,857,793	(2,430,764)	17,427,029

List of Properties

No.	Location	Description and Existing Use	Land Area (acres)	Built-up Area (sq. ft.)	Lease Tenure from / to	Approximate Age of Building (Years)	Net Book Value (RM'000)
	Priceworth Industries Sdn Bhd						
1.	CL 075365794 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	- Generating Sets Room - Kiln Dry - Sawmill & Sawroom - Warehouse	15.12	3,858 65,000 32,620 121,000	01-01-1979/ 31-12-2077	14 14 14 13	7,871
2.	CL 075203726 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Moulding Plant Main Factory	11.64	104,840	01-01-1964/ 31-12-2063	14	8,034
3.	CL 075365785 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	- Impregnation Plant - Warehouse - Workshop	15.29	4,500 20,000 4,800	01-01-1979/ 21-12-2077	11 13 13	4,934
4.	CL 075170277 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Labour Quarters	14.06	54,000	01-01-1960/ 31-12-2059	14	1,996
5.	CL 075364948 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Agriculture Land	17.88	-	01-01-1979/ 31-12-2077	N/A	1,788
6.	CL 075170286 Mile 3.4 Jalan Ulu Sibuga, Kuala Seguntor, Sandakan	Labour Quarters	7.03	12,000	01-01-1961/ 31-12-2060	14	1,928
7.	CL 085318485 Kolapis, District of Labuk & Sugut Beluran	- Sawmill Factory - Labour Quarters - Office Building - Workshop - Genset Room - Store & Saw-Doctor Room	49.00	100,359 3,754 1,068 1,236 2,089	30-12-1986/ 31-12-2084	16 16 16 16 16	517

List of Properties
(Cont'd)

No.	Location	Description and Existing Use	Land Area (acres)	Built-up Area (sq. ft.)	Lease Tenure from / to	Approximate Age of Building (Years)	Net Book Value (RM'000)
	Sinora Sdn Bhd						
8.	CL 075376153 Mile 6.5 Batu Sapi, Sandakan	- Plywood Main Factory	38.28	103,950	01-01-1980/ 31-12-2078	28	12,872
		- 2nd Plywood Factory		37,446		15	
		- Warehouse		3,228		20	
		- Boiler House		507		28	
		- Workshop		1,226		28	
		- Main sawmill + Office		25,500		28	
		- Main Office		10,734		28	
		- Canteen		6,642		28	
		- Moulding Factory		4,828		18	
		- Moulding Warehouse		84,872		18	
		- Kiln Drying Building		17,743		18	
9.	CL 075472338 Mile 6.5 Batu Sapi, South-West of Sandakan	Log Pond	80.46	-	01-01-1994/ 31-12-2053	N/A	2,414
	Rimbunan Gagah Sdn Bhd						
10.	CL 085319820 Off Mile 78, Labuk Sugut Telupid – Sandakan Road	- Sawmill/ Timber Storage Factory	38.45	121,426	01-01-1982/ 31-12-2080	17	838
		- 2 storey dwelling house		4,064		17	
		- Office Building		1,368		17	
		- 2 storey Labour Quarters with Kitchen, Dining & Canteen		5,758		17	
		- 4 Blocks Labour Quarters		4,116		17	
		- Sawdoctoring House		3,025		17	
		- Generator House & Store		1,025		17	

SHAREHOLDERS' INFORMATION

As at 12 November 2009

Authorised share capital	:	RM100,000,000
Issued and fully paid shares	:	RM 76,590,909
Treasury shares	:	15,318,100 ordinary shares of RM0.50 each
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

No. of Holders	Holdings	Total Holdings	%
6	less than 100	106	0.00
852	100 to 1,000	787,969	0.51
2,521	1,001 to 10,000	13,188,490	8.61
1,176	10,001 to 100,000	35,994,745	23.50
115	100,001 to less than 5% of issued shares	43,049,908	28.10
3	5% and above of issued shares	60,160,600	39.28
4,673	Total	153,181,818	100.00

SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Name of Shareholder	Direct	%	Deemed Interest	%
Mr Lim Nyuk Foh	52,214,326	37.87	-	-

Note: The % shareholding is adjusted by excluding 15,318,100 treasury shares from the total paid-up share capital.

DIRECTORS' SHAREHOLDINGS

	No. of Shares Held			
Name of Director	Direct	%	Deemed Interest	%
Tan Sri Sabbaruddin Chik	610,000	0.44	-	-
Datuk Chee Hong Leong	-	-	-	-
Mr Lim Nyuk Foh	52,214,326	37.87	-	-
Mr Chok Syn Vun	1,372,408	1.00	-	-
Encik Ramlee Bin Mohd Shariff	-	-	-	-
Mr Kwan Tack Chiong	-	-	-	-
Mr Ooi Jit Huat	-	-	-	-

Note: The % shareholding is adjusted by excluding 15,318,100 treasury shares from the total paid-up share capital.

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd [CIMB Bank for Lim Nyuk Foh]	31,012,500	22.50
2.	Sabah Development Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	19,000,000	13.78
3.	Continental Premium Sdn Bhd	4,400,000	3.19
4.	Zulkifli Bin Hussain	2,110,000	1.53

SHAREHOLDERS' INFORMATION

As at 12 November 2009 (Cont'd)

LIST OF 30 LARGEST SHAREHOLDERS (Cont'd)

No.	Name	No. of Shares	%
5.	HDM Nominees (Asing) Sdn Bhd [DBS Vickers Secs (S) Ltd for River Estates Incorporated]	2,000,000	1.45
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd [Pledged securities account for Lim Nyuk Foh]	2,000,000	1.45
7.	Mohd Zakhir Siddiqy Bin Sidek	1,469,200	1.07
8.	HSBC Nominees (Asing) Sdn Bhd [Exempt AN for Credit Suisse]	1,111,000	0.81
9.	Alliancegroup Nominees (Tempatan) Sdn Bhd [Pledged securities account for Chok Syn Vun]	960,908	0.70
10.	RHB Capital Nominees (Tempatan) Sdn Bhd [Chong Vun Kon]	816,000	0.59
11.	Zulkifli Bin Hussain	810,000	0.59
12.	Te Kim Leng	790,000	0.57
13.	Yeoh Kean Hua	770,000	0.56
14.	Excelrun Sdn Bhd	620,800	0.45
15.	Tan Sri Sabbaruddin Chik	610,000	0.44
16.	Chang Hee Foon	500,000	0.36
17.	Lau Kheng Tong	490,000	0.36
18.	Ang Lai Hee	442,000	0.32
19.	Public Nominees (Tempatan) Sdn Bhd [Pledged securities account for Chok Syn Vun]	411,500	0.30
20.	Tan Siew Hooi	410,000	0.30
21.	Chia Beng Tat	398,000	0.29
22.	Chong Yean Kiong	350,000	0.25
23.	CIMSEC Nominees (Asing) Sdn Bhd [CIMB Bank for Wang Wei-Hsin]	343,800	0.25
24.	Lo Su Phin	330,000	0.24
25.	Toh Hoon Kheng	325,100	0.23
26.	Kalayarasu A/L Subramaniam	314,200	0.23
27.	Lee See Jin	287,000	0.21
28.	HDM Nominees (Tempatan) Sdn Bhd [Pledged securities account for Ronnie Lai Tsin Lee]	278,000	0.20
29.	Ho Foo You	270,500	0.20
30.	Leong Chee Wooi	270,000	0.20

Note: The % shareholding is adjusted by excluding 15,318,100 treasury shares from the total paid-up share capital.

Proxy Form

No. of shares held	

I/We,………..

of………

being a Member of Priceworth Wood Products Berhad hereby appoint ………………………………………………………………….

of………

………..

or failing him/her ……….

of………

as my/our proxy to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at the Executive Parlour of Sabah Hotel, Mile 1, Jalan Utara, Sandakan, Sabah on Thursday, 17 December 2009 at 9.00 a.m. and at any adjournment thereof.

My/Our proxy to vote as indicated below:

No.	**Resolutions**	**For**	**Against**
Resolution 1	Distribution of final share dividend of 1 treasury share for every 50 existing ordinary shares held for the financial year ended 30 June 2009		
Resolution 2	Payment of Directors' Fees		
Resolution 3	Re-election of Mr Chok Syn Vun as Director		
Resolution 4	Re-election of Datuk Chee Hong Leong as Director		
Resolution 5	Re-appointment of Auditors		
Resolution 6	Authority to issue shares pursuant to the Company's Employees' Share Option Scheme		
Resolution 7	Proposed renewal of authority for the Company to purchase its own shares representing up to 10% of its issued and paid-up share capital		

Please indicate with an "x" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/ she thinks fit.

Dated this ……….. day of ……………………………………… 2009

…………………………………………..
Signature:
Shareholder or Common Seal

Notes:

1. *A Member of the Company entitled to attend and vote at the meeting shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting 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.*
2. *Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *Where a Member is an authorised nominee as defined under the Security Industry (Central Depository) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *If the appointor is a corporation, this form must be executed under its seal or under the hand of its attorney.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P. O. Box 2848, 90732 Sandakan, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

Then fold here

Affix
stamp

The Company Secretary

PRICEWORTH WOOD PRODUCTS BERHAD
1st Floor, Lot 5, Block No. 4
Bandar Indah, Mile 4, Jalan Utara
P. O. Box 2848
90732 Sandakan
Sabah

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