

Annual Report 2002



Subur Tiasa Holdings Berhad Annual Report 2002

Subur Tiasa Holdings Berhad

No. 66 - 78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. No. 123, 96000 Sibul, Sarawak, Malaysia.

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Subur Tiasa Holdings Berhad

A member of Rimbunan Hijau Group

(341792-W)

Contents

2	Notice of Annual General Meeting
5	Statement Accompanying Notice of Annual General Meeting
7	Corporate Information
8	Profile of Directors
11	Corporate Structure
12	Audit Committee Report
16	Corporate Governance Statement
20	Statement of Internal Control
21	Statement on Directors' Responsibility
22	Financial Highlights
23	Export Market Highlights
24	Chairman's Statement
26	Directors' Interest
27	Financial Statements
57	Additional Compliance Information
58	List of Properties
59	Analysis of Shareholdings
60	List of 30 Largest Shareholders
61	List of Substantial Shareholders
	Proxy Form

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibul, Sarawak on Friday, 31 May 2002 at 11.00 am for the following purposes :-

Agenda

1. To receive and adopt the Audited Accounts for the year ended 31 January 2002 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of directors' fees for the year ended 31 January 2002. **Resolution 2**
3. To re-elect the following directors :-
 - (a) YBhg. Senator Datuk William Lau Kung Hui who retires in accordance with Article 86 of the Company's Articles of Association and being eligible, offers himself for re-election. **Resolution 3**
 - (b) Tiong Ing who retires in accordance with Article 90 of the Company's Articles of Association and being eligible, offers herself for re-election. **Resolution 4**
 - (c) Ngu Woo Hieng who retires in accordance with Article 90 of the Company's Articles of Association and being eligible, offers himself for re-election. **Resolution 5**
4. To consider and if thought fit, to pass the following resolution :-

"THAT YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai who retires in accordance with Section 129 (2) of the Companies Act, 1965 be and is hereby re-appointed as a director of the Company to hold office until the conclusion of the next Annual General Meeting."

Resolution 6
5. To re-appoint Messrs. PricewaterhouseCoopers as the Company's Auditors and to authorise the Directors to fix their remuneration for the ensuing year. **Resolution 7**
6. As Special Businesses
To consider and, if thought fit, pass the following resolutions as Special and Ordinary Resolutions respectively :-

Special Resolution

Resolution 8

• Amendments to the Company's Articles of Association

"THAT the existing Article 127(i) be deleted in its entirety and to substitute in lieu hereof with the following provision :-

Article 127(i) - A copy of every balance sheet and profit and loss account which is to be laid before the Company in general meeting (including every document required by law to be annexed thereto) together with a copy of the auditors' report relating thereto and of the directors' report shall, not more than six (6) months after the close of the financial year and not less than twenty-one (21) days before the date of the meeting, be sent to every member and every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles."



Ordinary Resolution

• Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders Mandate")

Resolution 9

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in Paragraph 3(b) of the Circular to Shareholders dated 8 May 2002 with the specific mandated related parties mentioned therein which are necessary for the STH Group's day-to-day operations subject further to the following :-

- the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders; and
- disclosure is made in the annual report of a breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year;

AND THAT, such approval shall continue to be in force until :-

- the conclusion of the next Annual General Meeting ("AGM") of the Company; or
- the expiration of the period within which the next AGM of STH subsequent to the date it is required to be held pursuant to Section 143 (1) of the Malaysian Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or
- revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT, for the avoidance of doubt, all such transactions entered into by the Company and subsidiaries from 1 June 2001 to the date of AGM as outlined in Paragraph 3(b) be and are hereby approved and ratified AND THAT the Directors of the Company be authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

7. To transact any other business which may properly 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

LEONG OI WAH (MAICSA 7023802)
NURULUYUN BINTI ABDUL JABAR (MIA 9113)
Joint Company Secretaries

Sibu, Sarawak

Dated : 8 May 2002



Explanatory Notes on Special Businesses

(a) Special Resolution on Amendments to the Company's Articles of Association

The Special Resolution on the amendments to the Article 127(i) of the Company's Articles of Association is to bring the articles in line with the Revamped Listing Requirements of the Kuala Lumpur Stock Exchange.

(b) Ordinary Resolution on Mandate for recurrent related party transactions

Chapter 10.09 of the Listing Requirements of the Kuala Lumpur Stock Exchange provided that with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations such as supplies of materials the listed issuer may seek a Shareholders' Mandate, in respect of such transactions subject to the conditions as stated on pages 2 and 3, Para 2(a) to (d) of the Circular to Shareholders dated 8 May 2002.

The proposed Ordinary Resolution if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations with the Related Parties. This authority, unless revoked or varied by the Company at general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must NOT vote in respect of their direct and/or indirect shareholdings on the resolution approving this Mandate.

Notes :-

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

Statement Accompanying Notice of Annual General Meeting

1. Names of Directors standing for election or re-election

Directors who are standing for re-election at the Seventh Annual General Meeting of the Company are :-

YBhg. Senator Datuk William Lau Kung Hui	Article 86	(Resolution 3)
Madam Tiong Ing	Article 90	(Resolution 4)
Mr. Ngu Woo Hieng	Article 90	(Resolution 5)
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	Section 129(2)	(Resolution 6)

2. Details of attendance of Directors at Board Meetings

There were 5 Board of Directors' Meetings held during the financial year ended 31 January 2002. Attendance of the Directors holding office at the end of the financial year is shown below :-

Name of Directors	No. of attendance (%)
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	100
YBhg. Senator Datuk William Lau Kung Hui	100
YBhg. Datuk Kenneth Kanyan Anak Temenggong Koh	100
Mr. Tiong Kiong King	40
Mr. Tiong Chiong Ong (resigned on 13.8.2001)	67
Madam Tiong Ing (appointed on 25.7.2001)	100
Mr. Tiong Chiong Ie	80
Mr. Ngu Woo Hieng (appointed on 22.2.2002)	N/A

3. Place, date and time of the Board of Directors' Meetings

The details of the date, time, and place of all 5 Board of Directors' Meetings held during the financial year ended 31 January 2002 are as follows :-

Date	Time	Place
31 March 2001	10:30 am	No. 8-14, 3rd floor, Jalan Chengal, C.D.T. 123, 96000 Sibu, Sarawak.
21 June 2001	1:30 pm	No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak.
25 July 2001	10:30 am	No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak.
14 September 2001	10:30 am	No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak.
8 December 2001	9:30 am	No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak.

4. Profile of Directors who are standing for re-election

Further details pertaining to Directors standing for election and re-election are outlined on pages 8 to 10 of the Annual Report 2002.





- 1 YABhg Datuk Patinggi Tan Sri Dr Wong Soon Kai **Chairman**
- 2 Mr Tiong Kiong King **Vice Chairman**
- 3 Madam Tiong Ing **Executive Director**
- 4 Mr Ngu Woo Hieng
- 5 Mr Tiong Chiong Ie
- 6 YBhg Senator Datuk William Lau Kung Hui
- 7 YBhg Datuk Kenneth Kanyan Anak Temenggong Koh

Corporate Information

Board of Directors

YABhg Datuk Patinggi Tan Sri Dr Wong Soon Kai
Chairman, Independent Non-Executive Director

Mr Tiong Kiong King
Vice Chairman, Non-Executive Director

Madam Tiong Ing
Executive Director

YBhg Senator Datuk William Lau Kung Hui
Independent Non-Executive Director

Mr Ngu Woo Hieng
Independent Non-Executive Director

YBhg Datuk Kenneth Kanyan Anak Temenggong Koh
Non-Executive Director

Mr Tiong Chiong Ie
Non-Executive Director

Audit Committee

YABhg Datuk Patinggi Tan Sri Dr Wong Soon Kai
Chairman, Independent Non-Executive Director

YBhg Senator Datuk William Lau Kung Hui
Member, Independent Non-Executive Director

Mr Ngu Woo Hieng
Member, Independent Non-Executive Director

Madam Tiong Ing
Member, Executive Director

Company Secretaries

Leong Oi Wah (MAICSA 7023802)
Nuruluyun Binti Abdul Jabar (MIA 9113)

Registered Office

No 66-78, Pusat Suria Permata, Jalan Upper Lanang
C.D.T. 123, 96000 Sibu, Sarawak
Tel: 084-211555
Fax: 084-211886
Email: suburth@tm.net.my

Registrar

Signet Share Registration Services Sdn Bhd
(Company No. 506293-D)
11th Floor, Tower Block, Kompleks Antarabangsa
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel: 03-21454337
Fax: 03-21421353

Auditors

PricewaterhouseCoopers
9th Floor, Bangunan Binamas, Jalan Padungan
93100 Kuching, Sarawak
Tel: 082-413957
Fax: 082-412644

Advocates & Solicitors

Khaw & Partner
Reddi & Co

Principal Bankers

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad
Citibank Berhad

Stock Exchange Listing

Main Board of the Kuala Lumpur
Stock Exchange

Profile of Directors

YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai 75 years of age, Malaysian

YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai, the Chairman of the Board and Audit Committee, was appointed as an Independent Non-Executive Director of the Company on 21 June 1997. He graduated with M.B.B.S from the University Malaya, Singapore and worked as a Specialist Medical Practitioner for over 20 years. In addition, he has also held several State Ministerial positions and was the Deputy Chief Minister of Sarawak.

During the financial year ended 31 January 2002, he attended 5 out of 5 Board meetings. As at 1 April 2002, his shareholdings in the Company are as follows :

Name of Company	Direct		Indirect	
	Shareholding	%	Shareholding	%
Subur Tiasa Holdings Berhad	10,000	0.01	-	-

He has no family relationship with any of the Directors or substantial shareholders of the Company. He has no conflict of interest with the Company and does not hold any directorship in any other public company.

Tiong Kiong King 54 years of age, Malaysian

Tiong Kiong King, the Vice Chairman of the Board, was appointed as an Non-Executive Director of the Company on 21 June 1997. He has more than 20 years of managerial experience in the timber industry in various capacities.

During the financial year ended 31 January 2002, he attended 2 out of 5 Board meetings. As at 1 April 2002, his shareholdings in the Company are as follows :

Name of Company	Direct		Indirect	
	Shareholding	%	Shareholding	%
Subur Tiasa Holdings Berhad	1,120,404*	0.56	-	-

* 1,109,289 shares is held through AMSEC Nominees (Tempatan) Sdn. Bhd.

He is a brother of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, a substantial shareholder of the Company; and uncle to Tiong Ing and Tiong Chiong Ie, both of whom are Directors of the Company. He does not hold any directorship in any other public company. He is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate will be sought at the forthcoming AGM. Details pertaining to these transactions are disclosed in Note 23 of the Notes to the Financial Statements.

Tiong Ing 44 years of age, Malaysian

Tiong Ing, was appointed as an Executive Director of the Company on 25 July 2001 and became a member of the Audit Committee on 13 November 2001. She holds a Bachelor of Arts degree in Business Administration from University of Winnipeg, Canada and is a licenced company secretary. She has worked in the timber industry spanning over 20 years serving in various managerial capacities.

During the financial year ended 31 January 2002, she attended 3 out of 3 Board meetings. As at 1 April 2002, her shareholdings in the Company are as follows :

Name of Company	Direct		Indirect	
	Shareholding	%	Shareholding	%
Subur Tiasa Holdings Berhad	99,056	0.05	-	-

She is a daughter of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, a substantial shareholder of the Company; a niece to Tiong Kiong King and a cousin to Tiong Chiong Ie, both of whom are Directors of the Company. She does not hold any directorship in any other public company. She is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate will be sought at the forthcoming AGM. Details pertaining to these transactions are disclosed in Note 23 of the Notes to the Financial Statements.

YBhg. Senator Datuk William Lau Kung Hui 51 years of age, Malaysian

YBhg. Senator Datuk William Lau Kung Hui, was appointed Independent Non-Executive Director and member of the Audit Committee of the Company on 21 June 1997. He graduated with a Bachelor of Law degree from the University of London, United Kingdom and has been a senior partner of a legal firm for over 20 years. He currently sits on the board of several other public companies namely Ekran Berhad and Granite Industries Berhad, and was also the Executive Chairman of Samanda Holdings Berhad.

During the financial year ended 31 January 2002, he attended 5 out of 5 Board meetings. As at 1 April 2002, his shareholdings in the Company are as follows :

Name of Company	Direct		Indirect	
	Shareholding	%	Shareholding	%
Subur Tiasa Holdings Berhad	10,000	0.01	-	-

He has no family relationship with any of the Directors or substantial shareholders of the Company. He has no conflict of interest with the Company.

YBhg. Datuk Kenneth Kanyan Anak Temenggong Koh 59 years of age, Malaysian

YBhg. Datuk Kenneth Kanyan Anak Temenggong Koh, was appointed Independent Non-Executive Director of the Company on 21 June 1997. He graduated from the Chartered Institute of Business Administration, Ireland. He was the Political Secretary to the YAB Chief Minister of Sarawak from 1967 to 1970 and a member of the Council Negeri Sarawak from 1970 to 1974. From 1974 to 1981, he was the Political Secretary to the YAB Deputy Prime Minister's office. He also served as a Senator from 1981 to 1987.

During the financial year ended 31 January 2002, he attended 5 out of 5 Board meetings. As at 1 April 2002, his shareholdings in the Company are as follows :

Name of Company	Direct		Indirect	
	Shareholding	%	Shareholding	%
Subur Tiasa Holdings Berhad	300,000*	0.15	16,130,983**	8.07

* Held through Public Nominees (Tempatan) Sdn. Bhd.

** Deemed interested by virtue of substantial shareholding in Kinta Hijau Sdn. Bhd.

He has no family relationship with any of the Directors or substantial shareholders of the Company. He does not hold any directorship in any other public company. He is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate will be sought at the forthcoming AGM. Details pertaining to these transactions are disclosed in Note 23 of the Notes to the Financial Statements.

Tiong Chiong Ie 31 years of age, Malaysian

Tiong Chiong Ie, was appointed Non-Executive Director of the Company on 14 October 1999. He holds a Bachelor of Business in Information System degree from Monash University, Australia and has more than 7 years of managerial experience in the timber industry in various capacities. Currently, he sits on the board of Hornbilland Berhad.

During the financial year ended 31 January 2002, he attended 4 out of 5 Board meetings. As at 1 April 2002, his shareholdings in the Company are as follows :

Name of Company	Direct		Indirect	
	Shareholding	%	Shareholding	%
Subur Tiasa Holdings Berhad	-	-	620,310*	0.31

* Deemed interested by virtue of his substantial shareholding in Prihartta Development Sdn. Bhd.

He is a nephew of Tiong Kiong King and a cousin to Tiong Ing, both of whom are Directors of the Company. He is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate will be sought at the forthcoming AGM. Details pertaining to these transactions are disclosed in Note 23 of the Notes to the Financial Statements.

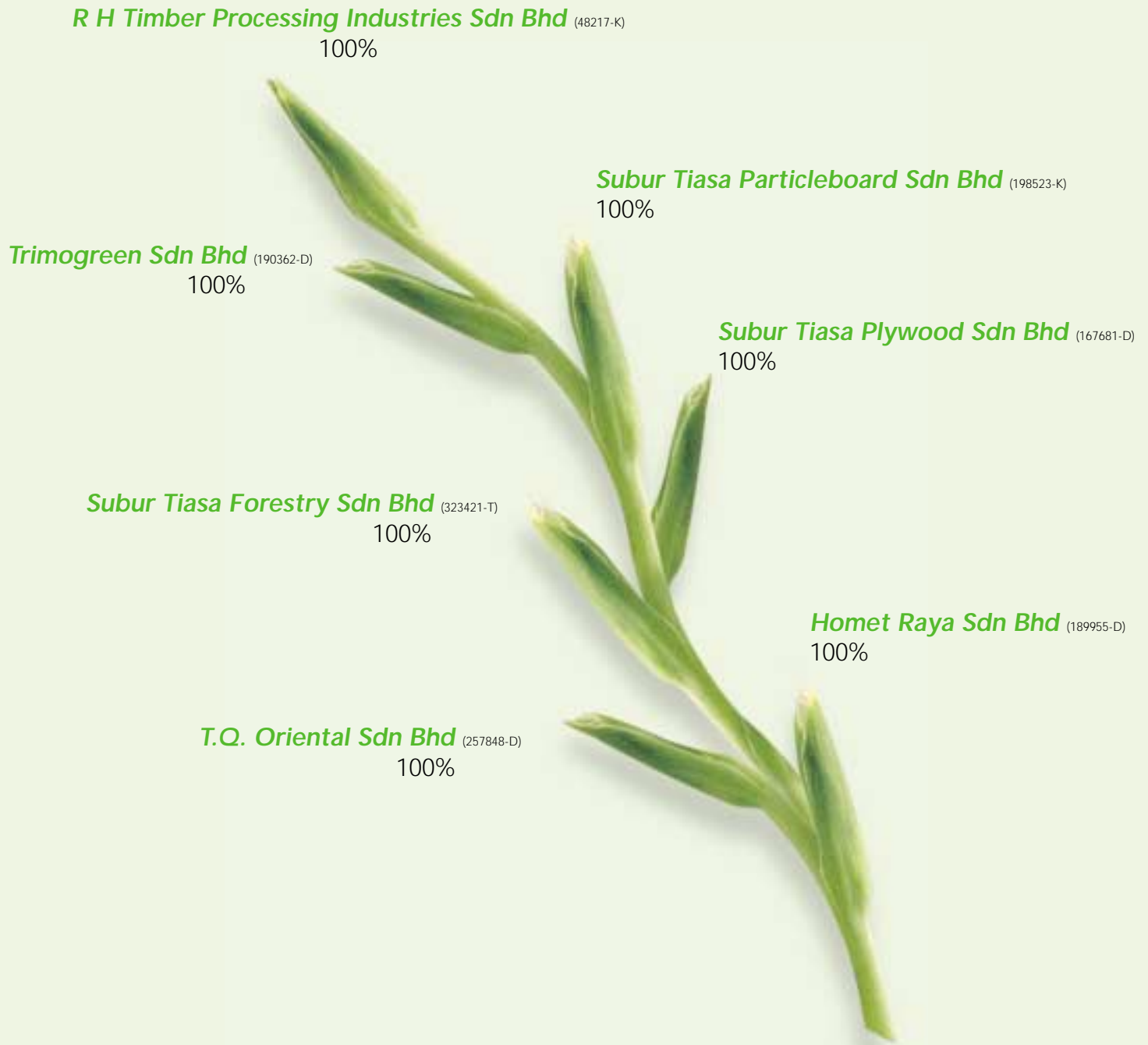
Ngu Woo Hieng 48 years of age, Malaysian

Ngu Woo Hieng, was appointed Independent Non-Executive Director and a member of the Audit Committee on 22 February 2002. He holds a diploma in Business majoring in Accounting from Ballarat College of Advanced Education, Australia. He is a member of the Malaysian Institute of Accountants and Fellow Member of the Malaysian Institute of Taxation. He is also a partner of an audit firm in Bintulu.

He has no family relationship with any of the Directors or substantial shareholders of the Company. He does not hold any directorship in any other public company and he has no conflict of interest with the Company.



Corporate Structure



SUBUR TIASA HOLDINGS BERHAD

A Member of Rimbunan Hijau Group (341792-W)

Audit Committee Report

Members And Meetings

The members of the Audit Committee during the year comprised the directors listed below.

During the year ended 31 January 2002, the Committee has held four meetings.

Name	Status of directorship	No. of Meeting Applicable	Attendance of meetings
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	Chairman Independent & Non-Executive	4	4
Mr. Tiong Chiong Ong (resigned on 13th August 2001)	Managing Director	2	2
YBhg. Senator Datuk William Lau Kung Hui	Independent & Non-Executive	4	4
Madam Tiong Ing (appointed on 13th November 2001)	Executive Director	1	1
Mr. Ngu Woo Hieng (appointed on 22nd February 2002)	Independent & Non-Executive	N/A	N/A

Terms Of Reference

1. Constitution

- 1.1 The Board of Directors of Subur Tiasa Holdings Berhad ("STHB"), in accordance with Article 120 of the Memorandum and Articles of Association of STHB, has established a Committee of the Board, known as the Audit Committee ('AC'), vide Board of Director Resolution in writing dated 21 June 1997.
- 1.2 The functions and authority of the AC extend to STHB and all its subsidiaries, joint ventures and associates where management responsibility is vested to STHB or subsidiaries of STHB (Collectively referred to as the "Group").

2. Primary Purpose

- 2.1 The AC has been formed with the following objectives :
 - (a) Enhance openness, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the Shareholders.
 - (b) Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.
 - (c) Enhance the Group's business efficiency, the quality of the accounting and audit function and strengthening of the public's confidence in the Group's reported results.
 - (d) Maintain, through regularly scheduled meeting, a direct line of communication between the Board and the External and Internal Auditors.
 - (e) Enhance the independence of the external and internal audit functions.

3. Membership

- 3.1 The members of the AC shall be appointed by the Board of Directors of STHB based on the recommendations of the Board Nomination Committee and shall consist of not less than three members, majority of whom shall be independent. The definition of 'independent' is in accordance with definition in KLSE Listing Requirements (Paragraph 1.01). If membership for any reason falls below three members, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.
- 3.2 No alternate directors shall be appointed to the Audit Committee.

3. Membership (cont'd)

- 3.3 At least one member of the Committee must meet the criteria set by the KLSE Listing Requirements Paragraph 15.10 (1c), i.e. :
- must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and;
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

4. Authority

- 4.1 The AC for the performance of its duties, shall in accordance to the same procedures adopted by the Board and at the cost of the Group :
- a) Have authority to investigate any activity within its Terms of Reference;
 - b) Have the resources which are required to perform its duties;
 - c) Have full and unrestricted access to any employee and information pertaining to the Group. All documents of the Group shall be made accessible to the AC;
 - d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity for the Group;
 - e) Have authority to direct the Internal Audit Functions (both corporate, subsidiaries and associates and joint ventures, where applicable) in its activities, including approval of appointments of senior executives and budgets in these functions; and
 - f) Be able to engage independent professional advisers or other advisers and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

5. Functions & Duties

The Committee shall carry out the following responsibilities :

Financial Statements

- 5.1 Review the quarterly results and annual financial statements of the Company and Group before submission to the Board. The review should focus primarily on :-
- (a) any changes in or implementation of major accounting policy changes
 - (b) major judgmental areas, significant and unusual events
 - (c) significant adjustments resulting from audit
 - (d) the going concern assumptions
 - (e) compliance with accounting standards
 - (f) compliance with KLSE Listing Requirements and other legal requirements
- 5.2 Review with management and the external auditors, the results of the audit, including any difficulties encountered.
- 5.3 Review, with the Group's Counsel, any legal matter that could have a significant impact on the organisation's financial statements.

Internal Control

- 5.4 Assess the quality and effectiveness of the systems of internal control and the efficiency of the Group's operations, particularly those relating to areas of significant risks. Evaluate the process the Group has in place for assessing and continuously improving internal controls.
- 5.5 Review Internal Audit reports (including those of the Group) and Management's response and ensure that appropriate action is taken in respect of these and AC resolutions. Where actions are not taken within an adequate timeframe by management, the AC will report to the Board for its action.
- 5.6 Review External Audit reports and Management's response and ensure that appropriate action is taken in respect of these reports and AC resolutions.

Internal Audit (Corporate and Subsidiaries and Associates of STHB or STHB Subsidiaries)

- 5.7 Approve the charters of Internal Audit Functions in the Group and ensure that the internal audit functions are adequately resourced and have appropriate standing in the Group. This includes a review of the organisational structure, resource budgets and qualifications of the internal audit functions.

5. Functions & Duties (cont'd)

- 5.8 Review the adequacy of the Internal Audit plans and the scope of audits and that the Internal Audit Functions has the necessary authority and resources to carry out its work.
- 5.9 Approve the appointments of the Heads of Internal Audit.
- 5.10 Review appraisals or assessments of members of the internal audit functions.
- 5.11 Inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 5.12 Direct any special investigations to be carried out by Internal Audit.

External Audit

- 5.13 Review External Audit plans and scope of work before the audit commences.
- 5.14 Discuss problems and reservations arising out of external audits, including assistance given by the employees and any matters the auditors may wish to discuss, in the absence of Management or Executive Directors where necessary.
- 5.15 Nominate the External Audit together with such other functions as may be agreed to by the AC and the Board and recommend for approval of the Board the external audit fee, and consider any questions of resignation or dismissal, experience, resources and capability.

Compliance

- 5.16 Review 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. They are to ensure that the directors report such transaction annually to the shareholders via its Annual Report. In addition, the AC shall review all aspects of the recurrent related party transactions where the considerations, value of the assets, capital outlay or costs thereof, equal or exceed RM1,000,000, and find that they are conducted at arm's length basis.
- 5.17 Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach to KLSE Listing Requirements, the AC must promptly report such matters to the KLSE.

Other Responsibilities

- 5.18 Confirm annually that all responsibilities outlined in the Terms of Reference have been carried out.
- 5.19 Perform other duties as directed by the Board of Directors.

6. Meetings

- 6.1 Meetings of the AC shall be held not less than four times during the financial year of STHB.
- 6.2 Upon the request of any member of the AC, the Head of Internal Audit or the External Auditor, the Chairman of the AC shall convene a special meeting of the AC to consider any matters brought up by them.
- 6.3 The quorum for a meeting of the AC shall be two members, for which two should be Independent Directors. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.
- 6.4 The meetings of the AC shall be governed by the provisions contained in the Memorandum and Articles of Association of STHB for regulating the meetings and proceedings of Directors unless otherwise provided in this Terms of Reference.
- 6.5 The meetings of the AC shall normally be attended by the Head of Internal Audit and the Management of STHB shall be represented by the Managing Director and the Head of Finance, or their nominated persons, at the invitation of the AC and shall excuse themselves from the meeting when so directed by the AC.
- 6.6 The Committee may request other directors, members of management, counsels, internal auditors (including subsidiaries) and external auditors, applicable to participate in Committee meetings, as necessary and when so invited, to carry out the Committee's responsibilities.
- 6.7 The AC shall meet the External Auditors at least twice a year. At least once a year the AC shall meet the External Auditors without STHB Management or Executive Directors present.

6. Meetings (cont'd)

- 6.8 A Committee member shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this cause insufficient directors to make up a quorum, the Committee has the right to appoint another director(s) which meets the membership criteria.
- 6.9 The Secretary of the AC shall be the Company Secretary or his/her appointed nominee from the Company Secretarial Department with the appropriate qualifications and experience.
- 6.10 Committee meeting agendas shall be the responsibility of the Committee Chairman with input from the Committee members. The Chairman may also ask management and others to participate in this process.
- 6.11 The agenda for each meeting shall be circulated on a timely manner before each meeting to the Committee members and all those required to attend the meeting. Written materials including information requested by the Committee from management, internal auditors and external auditors shall be received together with the agenda for the meetings.
- 6.12 Minutes of AC meetings shall be tabled at the meeting of the Board of Directors of STHB.
- 6.13 The committee, through its Chairman, shall report to the Board after each meeting.
- 6.14 The Chairman of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the company.

7. Activities of the Committee during the year

In line with the term of reference of the Committee, the following activities were carried out by the Committee during the year ended 31st January 2002 in discharge of its functions and duties :

- 7.1 Review of the audit plans for the year for the Company and the Group prepared by the internal and external auditors;
- 7.2 Review of the audit reports of the Company and the Group prepared by the internal and external auditors and consideration of the major findings by the auditors and management's responses thereto;
- 7.3 Review of the quarterly and annual reports of the Company and the Group prior to submission to the Board of Directors of consideration and approval;
- 7.4 Review of the disclosure of related party transactions entered into by the Company and the Group in the annual report of the Group;
- 7.5 Meet with the external auditors without any management executives present except the Company Secretary.

8. Internal Audit Function

The group has an Internal Audit Department of which the principal responsibility is to undertake regular and systematic reviews of the system controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group. The attainment of such objective involves the following activities being carried out by the Department :

- 8.1 Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable cost;
- 8.2 Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- 8.3 Ascertaining the extent to which the Company's And the Group's assets are accounted for and safeguarded from losses of all kinds;
- 8.4 Recommending improvements to the existing systems of controls;
- 8.5 Carrying out investigations and special reviews requested by management;
- 8.6 Carrying out audit work in liaison with external auditors to maximise the use of resources and for effective coverage of audit risks;
- 8.7 Identifying opportunities to improve the operations of and processes in the Company and the Group.

Corporate Governance Statement

The Board of Subur Tiasa Holdings Berhad fully subscribes and supports the Malaysian Code on Corporate Governance ("Code") and the relevant provisions in the KLSE Listing Requirements. The Board is committed to ensuring that the highest standard of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the financial performance of the Company.

Corporate Governance within Subur Tiasa Holdings Berhad

Subur Tiasa Holdings Berhad acknowledges that corporate governance is a continuous process that requires periodic reassessment and refinement of management practices and systems.

Set out below is a statement of how the Group has applied the principles of the Code and compliance with the Best Practices provisions.

Directors

The Board

An effective Board leads and controls the Group. To ensure that the direction and control of the Group is firmly in its own hands, the Board reserves appropriate strategic, financial and organisational matters for its collective decision and/or monitoring. The Board meets at least 4 times a year, with additional meetings convened as necessary. All non-executive directors bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct. 3 out of 7 members of the Board are considered independent in accordance with the definition provided in the Kuala Lumpur Stock Exchange Listing Requirements.

During the year ended 31 January 2002, 5 Board Meetings were held. The following is the record of attendance of the Board Members :

	Directors	Total
1	YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	5 out of 5
2	YBhg. Senator Datuk William Lau Kung Hui	5 out of 5
3	YBhg. Datuk Kenneth Kanyan Anak Temenggong Koh	5 out of 5
4	Mr Tiong Kiong King	2 out of 5
5	Madam Tiong Ing (appointed on 25 July 2001)	3 out of 3
6	Mr Tiong Chiong Ong (resigned on 13 August 2001)	2 out of 3
7	Mr Tiong Chiong Ie	4 out of 5
8	Mr Ngu Woo Hieng (appointed on 22 February 2002)	N/A

Where appropriate, matters have been delegated to Board Committees, all of which have written constitutions and terms of references. Individual Directors, their roles and membership of separate committees are as follows :

1. Board Audit Committee

Please refer to the Report of the Board Audit Committee on page 12.

2. Board Nomination Committee

Please refer to page 17.

3. Board Remuneration Committee

Please refer to page 18.

Board Balance

The Board currently has 7 members, comprising of 3 independent non-executive directors (including the Chairman) and one executive director. Together, the Directors bring wide business, regulatory, industry and financial experience relevant to the direction of the Group. A brief description of the background of each Director is presented on page 8.

There is a clear division of responsibility between the Chairman and the Executive Director to ensure that there is a balance of power and authority. A formal position description for the Chairman and Executive Director outlining their respective roles and responsibilities is currently being developed.

Board Balance (cont'd)

There is also balance in the Board because of the presence of independent non-executive Directors of the caliber necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, the role of these independent Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long term interest, not only of the shareholders, but also of employees, customers, suppliers and the community.

We have not formally appointed a senior independent non-executive director. However, we have identified YBhg. Senator Datuk William Lau Kung Hui to act as the senior independent non-executive director.

Supply of information

Management has a positive responsibility to provide the whole Board with all the information of which it is aware to the discharge of the Board's responsibilities. The Board therefore expects to receive timely advice on all material information about the Group, its operating units, its activities and performance, particularly any significant variances from a planned course of progress. As a general rule, papers on specific subjects are sent to the Board in advance so that time at the Board Meeting can be conserved and used for focused discussion. All directors have the right and duty to make further enquiries where they consider this necessary.

All Directors have access to the advice and services of the Company Secretary and may take independent advice, at the Group's expense, in the furtherance of their duties if so required.

Appointments to the Board

The Malaysian Code on Corporate Governance endorses, as good practice, a formal procedure for appointments to the Board, with the Nomination Committee making recommendations to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that this responsibility be delegated to a committee.

In previous years, all directors were involved in the process of appointing new directors. Subsequent to the issuance of the Malaysian Code on Corporate Governance, the Board reviewed this position and a Board Nomination Committee was set up on 28 January 2002.

Board Nomination Committee

Chairman :	YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	Independent Non-Executive Director
Members :	YBhg. Senator Datuk William Lau Kung Hui	Independent Non-Executive Director
	Mr Tiong Kiong King	Non Independent Non-Executive Director

The Board Nomination Committee will be responsible for :

- Reviewing the Board composition and recommending to the Board appointments of new directors for Subur Tiasa Holdings Berhad and its subsidiaries and Board Committees;
- Evaluating the effectiveness of the Board, Board Committees and the contributions of each individual director;
- Developing policies and recommend proposals appropriate to facilitate the recruitment and retention of Executive Directors, senior management and employees; and
- Reviewing the Chairman's and Executive Director's objectives and goals and the assessment of performance of these persons.

The assessment criteria and processes are currently being developed for Directors, Committees and Board of Directors. All directors will be subjected to the same assessment criteria and process. Additional criteria will be set for the Chairman and Executive Director.

In addition, the Board, through the Board Nomination Committee will review annually its required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board.

The Board Nomination Committee will be responsible for: (cont'd)

As an integral element of the process for appointing new directors, the Board Nomination Committee, provides for adequate training and orientation of new directors with respect to the business structure and management of the Group as well as the expectations of the Board with regards to their contributions to the Board and Group. Directors also receive further training from time to time, particularly with regards to new laws and regulations and changing commercial risks.

Board Remuneration Committee

Chairman : YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	Independent Non-Executive Director
Members : YBhg. Senator Datuk William Lau Kung Hui	Independent Non-Executive Director
Mr Tiong Kiong King	Non Independent Non-Executive Director

The Board Remuneration Committee will be responsible for determining the level and make-up of Executive Directors' remuneration for Subur Tiasa Holdings Berhad and its subsidiaries so as to ensure that the Group attracts and retains the Directors of the necessary caliber, experience and quality needed to run the Group successfully.

Re-election

In accordance with the Company's Articles of Association, all directors are subject to election by shareholders at the first opportunity after their appointment. The Articles provides that at one-third or the nearest one-third of the remaining directors are subject to re-election by rotation at each Annual General Meeting.

Directors' Remuneration

Contrary to the disclosure requirement as indicated in the best practices of the Malaysian Code of Corporate Governance, the Board would not be providing details of remuneration awarded to each director. The Board are of the opinion matters pertaining to directors remuneration is of personal nature. However, the Board wishes to confirm all future directors remuneration will be scrutinized and reviewed by the Board Remuneration Committee based on performance and contribution. In compliance with the KLSE Listing Requirements, the remuneration paid to directors, in aggregation and analysed into bands of RM 50,000 are as follows :-

Aggregation	Non- Executive Director RM	Executive Director RM
Salary	240,000	429,750
Fees	70,100	17,150
Bonus	-	70,565
Other remuneration - Passage	-	23,541

Remuneration	Non- Executive Director	Executive Director
Less than 50,000	4	-
50,001 - 100,000	-	-
100,001 - 150,000	-	-
150,001 - 200,000	-	-
200,001 - 250,000	-	1
250,001 - 300,000	1	1

Directors' Training

All directors had completed the training course for directors conducted by the Research Institute of Investment Analysts Malaysia except Mr. Ngu Woo Hieng who was appointed on 22 February 2002.

Shareholders

Dialogue between the Company and Investors

The Group values dialogue with investors. The aims of the investor relations programme are primarily to provide consistent and accurate information to shareholders and fund managers on the Group and to provide prompt feedback to senior management on investors' concerns and market perceptions thus, ensuring effectiveness of the information dissemination.

Annual General Meeting

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. The Chairman, Executive Director, Chairman of the Board Nomination Committee, Chairman of the Remuneration Committee and the Chairman of the Board Audit Committee are available to respond to shareholders' questions during the meeting.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

Accountability and Audit

Financial reporting

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

Internal Control

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The Internal Control System involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. This system, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

Some of the key elements of the Group's internal control systems are described as follows :

Business Planning

The Board is responsible for reviewing and monitoring of :

- Annual and any supplementary budgets; and
- Quarterly progress reports on financial performance, capital budgets and investments

Internal Compliance

The Group Internal Audit reviews internal controls in all key activities of the Group. It acts as a service to the business by assisting with the continuous improvement of controls and procedures. The Group Internal Audit is independent of the activities they audit and performs with impartiality and due professional care. Findings of the Group Internal Audit are reported regularly to the Board Audit Committee.

Following the publication of the Guidance for Directors on Internal Control the Board is in the process of implementing the framework of identification, evaluation and management of significant risks to the achievement of the Group's strategic and operational objectives.

Relationship with the auditors

Through the Board Audit Committee, the Group has established transparent and appropriate relationship with the Group's auditors, both external and internal. The Board Audit Committee meets with the external auditors without the presence of management at least once a year.

A report of the Board Audit Committee is provided in page 12.

Signed on behalf of the Board of Directors in accordance with their resolution dated 30 April 2002.

Statement on Internal Control

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Kuala Lumpur Stock Exchange's ("KLSE") Revamped Listing Requirements require directors of listed companies to include a statement in the annual reports on the state of their internal controls. The KLSE's Statement on Internal Control: Guidance for Directors of Public Companies ("Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Internal Control Statement, which has been prepared in accordance with the Guidance.

Responsibility

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system could only provide reasonable, and not absolute, assurance against material misstatement or loss.

Risk management framework

Major business risk and their financial implications are appraised by the responsible executives and reviewed and endorsed by Subur Tiasa Holdings Berhad ('STHB')'s Senior Management and subsequently by STHB's Audit Committee and Board of Directors.

The executives, having regards to cost/benefit, materiality and the likelihood of risk crystallising, considers the appropriateness of controls. Key risks and actions to mitigate those risks are considered at regular Board and Audit Committee meetings. The Audit Committee regularly reviews the effectiveness of the system of internal control, and internal and external audit issues.

The Board had engaged external advisers to advise and assist in the development and assessment of a formalised risk management framework.

To this end, the Board has reviewed the inventory of the internal controls framework that currently exists within the Group and assessed the applicability of the existing controls with regards to their effectiveness and efficiency, facilitated by the workshops that were attended by key directors and management of STHB and its subsidiary companies. At the same workshop, key risk and controls of STHB were also discussed and confirmed.

This formalised assessment takes into account all significant aspects of internal control including: risk assessment; the control environment and control activities; information and communication. Key business risks have been categorised to highlight the source of the risk, and scored to reflect both the financial and reputational impact of the risk and the likelihood of its occurrence.

The Board now plans to develop a monitoring and reporting process to continuously evaluate and monitor the significant risks in a formalised manner, which would entail establishing procedures for reporting and monitoring of risk and controls. Regular reviews will be conducted on a periodic basis with additional reviews as and when required.

These initiatives would ensure that the Group has in place a formalised ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

Other key elements of internal control

The other key elements of the Group's internal control systems that are proposed or now in place are described below :

- Reviews of the group's operations by STHB's Internal Audit Department.
- Proposed annual assessment of the effectiveness of the individual directors by STHB's Nomination Committee and the level and make up of the directors remuneration by STHB's Remuneration Committee.
- Process governing appraisal and approval of capital/investment expenditure and asset disposal, and a process to monitor and evaluate the continuing performance of its investments.
- Budgets, containing financial and operating targets, capital expenditure proposals and performance indicators, are reviewed and approved by the Executive Director and managers of the respective subsidiary companies and subsequently by the Board of STHB.
- Performance reports, benchmarked against budgets and objectives are regularly provided to directors and discussed at Board meetings. The Board regularly receives reports from key executives of STHB and its subsidiary companies covering areas such as quarterly financial review, business development and other corporate matters.

Control weaknesses that result in material losses

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Management of the Group continues to take measures to strengthen the internal control environment.

Competition

The Group is largely concentrated in the sale of logs and processing of timber products, for which competition is intense due to the low barriers of entry. The Board of Directors and Management are constantly studying the environment in which the Group operates and are constantly seeking and evaluating opportunities.

Statement of Directors' Responsibility

In respect of the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the Group and the Company at the end of the financial year, and the profit or loss and cash flows of the Group and the Company for the financial year.

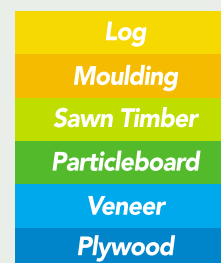
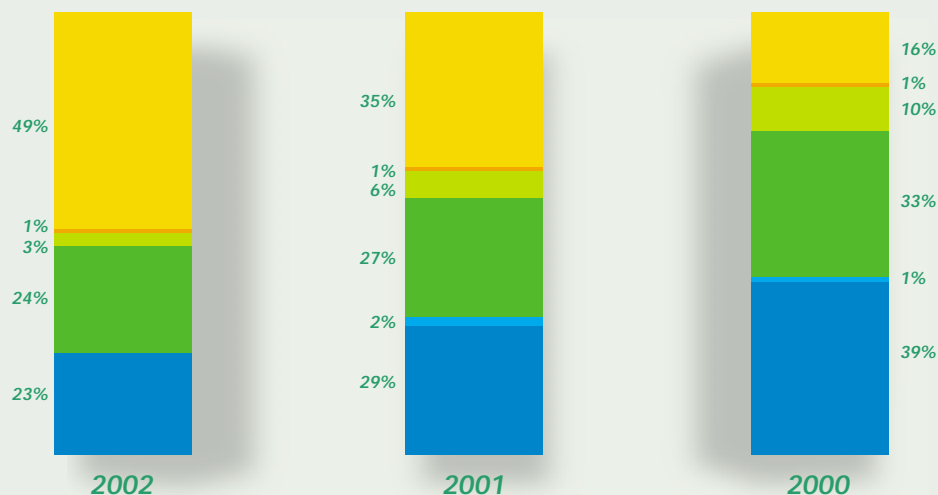
In preparing the financial statements, the Directors are also responsible for the adoption of suitable accounting policies and their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

The Directors hereby confirm that suitable accounting policies have been consistently applied in respect of preparation of the financial statements. The Directors also confirm that the company maintains adequate accounting records and sufficient internal controls to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

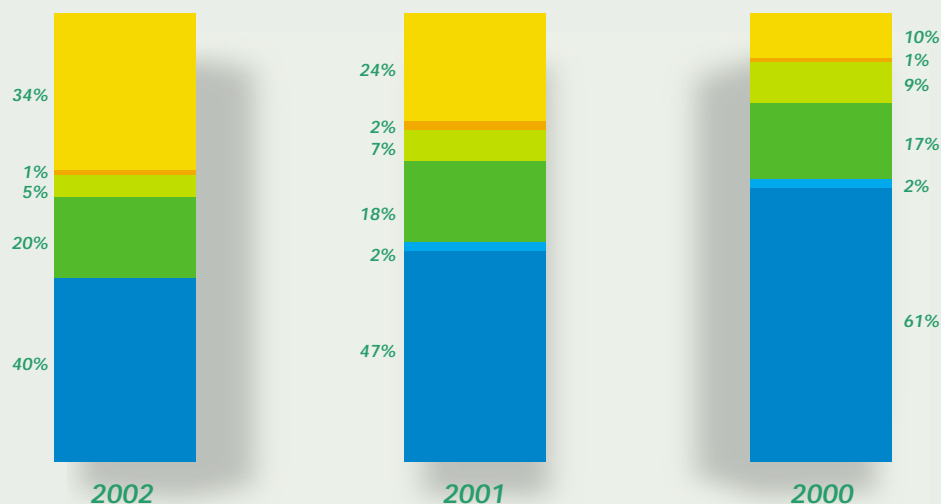
The Directors' Responsibility Statement is made in accordance with resolution of the Board of Directors dated 30 April 2002 .

Financial Highlights

Export volume in % for last 3 financial years



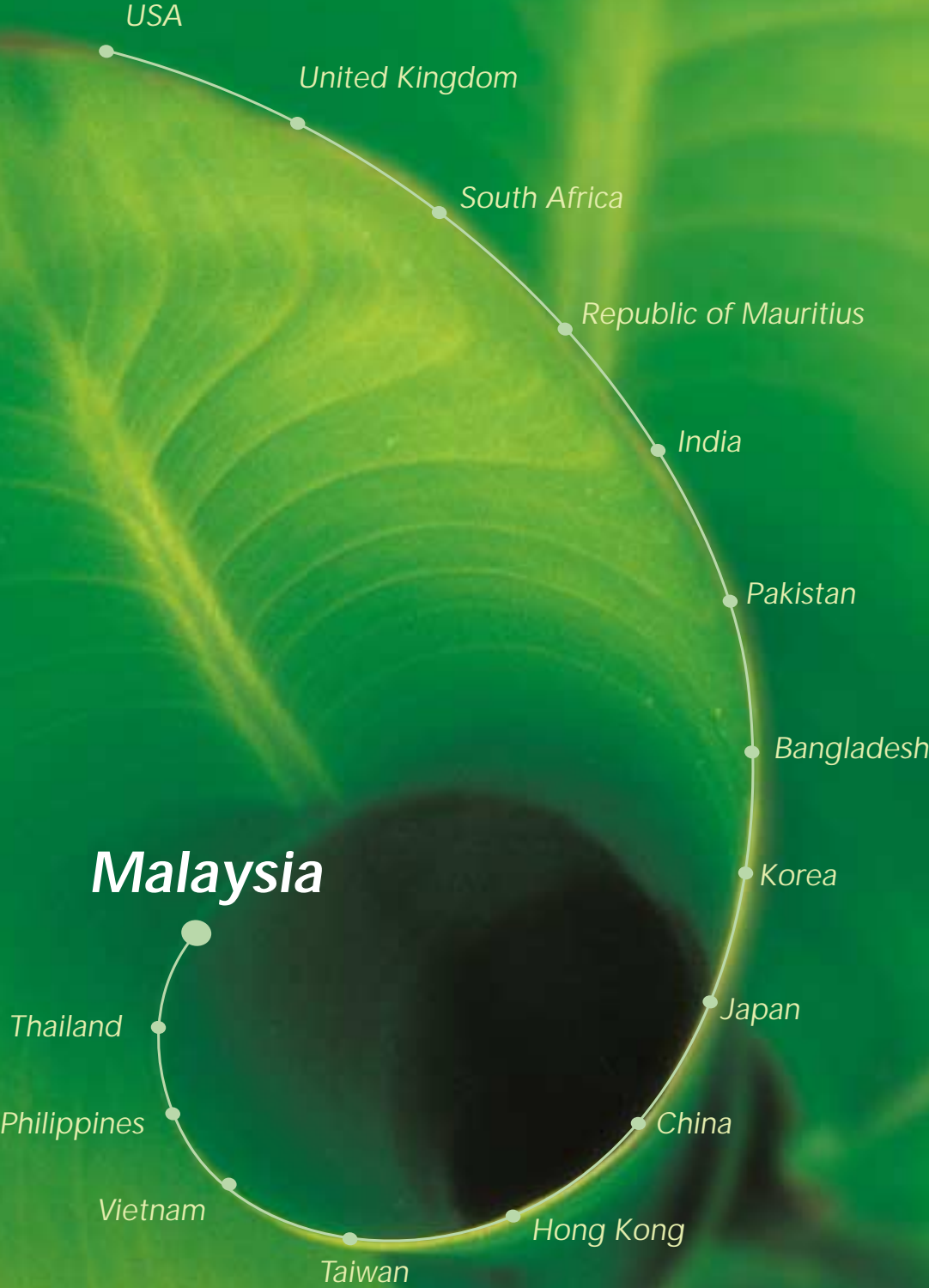
Export value in % for last 3 financial years



Group Financial Highlights

(RM'000)	2002	2001	2000	1999
Revenue	320,825	308,353	266,059	194,964
Profit/(Loss) Before Taxation	(20,033)	31,518	49,072	(46,404)
Profit/(Loss) After Tax	(20,005)	28,139	45,933	(47,169)
Shareholders' Funds	297,073	322,156	305,094	273,418
Net Earning/(Loss) Per Share (Sen)	(10.00)	14.07	22.97	(23.58)
Return on Shareholders' Funds (%)	(6.73)	8.73	15.05	(17.25)
Net Tangible Assets Per Share (RM)	1.46	1.58	1.48	1.32

Export Market Highlights



Chairman's Statement

On behalf of the Board of Directors,
I am pleased to present to you the
Annual Report and Financial Statement
of Subur Tiasa Holdings Berhad for the
financial year ended 31 January 2002



Financial Performance

The year under review saw many negative factors impacting on the timber industry significantly. The slowdown in the US economy and malaise in the Japanese economic situation have dampened the timber industry causing prices and volume to decline. The weakening of the Rupiah has provided the Indonesian producers the competitive advantage over the Malaysian counterparts. In addition, the softening of the Yen further exacerbated the situation as Japanese buyers reduced their purchase volume. Finally, the World Trade Center incident pushed the already weak US economy into recession despite the aggressive interest rates cut by its Federal Reserves to halt its economic slowdown.

Amidst the presence of such adverse conditions, the Group recorded a loss before tax of RM20.03million for the financial year ended 31 January 2002 as compared to a profit before tax of RM31.50 million in the previous financial year. Group's turnover rose marginally by 4% to RM320.82 million as compared to RM308.35 million last year. The losses were mainly due to depressed prices and lower volume (except for logs sales) as the result of the industry downtrend. However, despite the adverse market conditions our particleboard division remains profitable and continues to contribute to the Group's revenue.

Operations Review

The logs trading revenue was higher on a year-on-year comparison mainly due to the extra volume from the 6 timber licences acquired in the previous financial year. The continued Japanese recession and the weakened Yen generally dampened sentiments in the logs market. In Indonesia, there were high volume of logs being exported in the absence of consistent national policy as the provinces were given more autonomy in setting their own policies resulting in an oversupply situation. The effects of these developments have caused a significant margin squeeze on the logs trading division.

The processing division was adversely affected with the downward pressure on plywood and sawn timber prices causing the processing division to be unprofitable except for the particleboard division. The Chinese plywood producers have taken advantage of the cheap supply of logs from Indonesia to compete against Malaysia and Indonesia for a share of the plywood market. Furthermore, the Chinese plywood producers are exploiting the cheaper supply of Russian logs to further reduce their production costs. The Chinese have recently become a net exporter of plywood and especially in the thick panels where they are price leaders.

The particleboard division has managed to remain profitable albeit at lower profit margins in line with the downward trend of the industry. In the meantime, our sawn timber division has moved towards niche markets instead of being volume driven to mitigate the downward pressure on prices and is continually showing improvements.

Dividends

In view of the losses suffered by the Group, the Board felt it is appropriate and prudent not to declare an interim or final dividend for the year ended 31 January 2002.

Prospects

The worldwide economic slowdown led by the US economy and continued malaise in the Japanese economy will continue to dampen the market outlook in the short term. The World Trade Center incident has not only weakened the US economy but its effects reverberating through out the worldwide economies.

Against the backdrop of such adverse market conditions, there are some encouraging developments in the industry particularly the introduction of the Indonesia's logs export ban in October 2001. The logs prices are showing encouraging signs of improvement after the logs export ban. The current sentiment in Indonesia is expected to improve as the governmental control and a cohesive national policy is being set in place for greater stability of the timber industry.

The US economy is showing tentative signs of recovery after the devastating effect of the World Trade Center incident. The aggressive interest rates cuts by its Federal Reserve coupled with the tax cuts announced appears to have turn around the US economy. An improvement in the US economy will augur well for the rest of the world's economies. Plywood prices are steadily showing encouraging signs of improvement in line with the recovery of the world's economies and stabilization of the oversupply situation in Indonesia.

The Chinese government determination to maintain a healthy economic growth in year 2002 will be beneficial to the timber industry. China with its entry into the WTO, will further spur economic growth in the region as a result of its on going structural and development reforms. The awarding of the 2008 Olympics to Beijing will provide further impetus to the development of the country's infrastructure and will promote further activities in its construction sector. China's demand for timber products is expected to receive a boost from its considerable development of the infrastructure in its western provinces to stimulate economic activities in the region.

Despite some tentative signs of improvement in the worldwide economies, the Group continues its efforts in its rationalization plans and implement appropriate marketing strategies to diversify our markets in order to mitigate some of the market fluctuations impact. With the resilience and strength built over the years, the Group has braced itself to face the challenges that lie ahead.

Appreciation

On behalf of the Board of Directors, I wish to express our sincere thanks and appreciation to the Management and staff of the Group whose commitment and dedication have seen us through a challenging year. I would also like to convey our thanks to our customers, bankers, business partners, relevant government authorities and shareholders for their continued strong support.

YABhg Datuk Patinggi Tan Sri Dr Wong Soon Kai
Chairman



Directors' Interest as at 1 April 2002

No.	Name of Director	No of Shares Held		Total	
		Direct	Indirect	Shareholding	%
1	YABhg Datuk Patinggi Tan Sri Dr. Wong Soon Kai	10,000	-	10,000	0.01
2	YBhg Senator Datuk William Lau Kung Hui	10,000	-	10,000	0.01
3	Ngu Woo Hieng	-	-	-	-
4	YBhg Datuk Kenneth Kyan Anak Temenggong Koh	300,000 ^a	16,130,983 ^c	16,430,983	8.22
5	Tiong Kiong King	1,120,404 ^b	-	1,120,404	0.56
6	Tiong Ing (f)	99,056	-	99,056	0.05
7	Tiong Chiong Ie	-	620,310 ^d	620,310	0.31

Notes :

a Held through Public Nominees (Tempatan) Sdn. Bhd.

b 1,109,289 shares is held through AMSEC Nominees (Tempatan) Sdn. Bhd.

c Deemed interested by virtue of his substantial shareholding in Kinta Hijau Sdn. Bhd.

d Deemed interested by virtue of his substantial shareholding in Priharta Development Sdn. Bhd.

Directors' Report

The Directors hereby submit their annual report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 January 2002.

Principal activities

The principal activities of the Company are that of investment holding, extraction and sale of logs.

The principal activities of the Group consist of extraction and sale of logs, manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber and finger joint moulding and supply of energy.

There was no significant change in the nature of these activities during the financial year.

Financial results

	Group RM	Company RM
Net loss for the financial year	<u>(20,005,429)</u>	<u>(17,597,321)</u>

Dividends

The dividends paid by the Company since 31 January 2001 were as follows :

	RM
In respect of the financial year ended 31 January 2001, as shown in the Directors' report of that financial year, final dividend of 3 sen per share, tax exempt, paid on 10 August 2001	<u>6,000,000</u>

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 January 2002.

Reserves and provisions

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Directors

The Directors who have held office during the period since the date of the last report are as follows :

YABhg Datuk Patinggi Tan Sri Dr. Wong Soon Kai
YBhg Senator Datuk William Lau Kung Hui
YBhg Datuk Kenneth Kanyan Anak Temenggong Koh
Tiong Kiong King
Tiong Chiong Ie
Tiong Ing (appointed on 25 July 2001)
Ngu Woo Hieng (appointed on 22 February 2002)
Tiong Chiong Ong (resigned on 13 August 2001)

In accordance with the Company's Articles of Association, YBhg Senator Datuk William Lau Kung Hui, Tiong Ing and Ngu Woo Hieng, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. YABhg Datuk Patinggi Tan Sri Dr. Wong Soon Kai retires pursuant to Section 129(2) of the Companies Act, 1965. His re-appointment to hold office until the next Annual General Meeting of the Company will be proposed at the forthcoming Annual General Meeting.

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to 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 disclosed as Directors' remuneration in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefits arising from transactions as disclosed in Note 23 to the financial statements.

Directors' interests in shares

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company are as follows :

	At 1.2.2001/ date of appointment	Number of ordinary shares of RM1 each		
		Bought	Sold	At 31.1.2002
<u>Direct interest</u>				
YABhg Datuk Patinggi Tan Sri Dr. Wong Soon Kai	10,000	-	-	10,000
YBhg Senator Datuk William Lau Kung Hui	10,000	-	-	10,000
YBhg Datuk Kenneth Kanyan Anak Temenggong Koh (held through Public Nominees (Tempatan) Sdn. Bhd.)	300,000	-	-	300,000
Tiong Kiong King	11,115	-	-	11,115
Tiong Kiong King (held through AMSEC Nominees (Tempatan) Sdn. Bhd.)	1,108,289	-	-	1,108,289
Tiong Ing	64,056	35,000	-	99,056
<u>Indirect interest</u>				
YBhg Datuk Kenneth Kanyan Anak Temenggong Koh	16,130,983	-	-	16,130,983
Tiong Chiong le	620,310	-	-	620,310

Statutory information on the financial statements

Before the income statements and balance sheets were made out, the Directors took reasonable steps :

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company have been written down to an amount which they might be expected so to realise.

Statutory information on the financial statements (cont'd)

At the date of this report, the Directors are not aware of any circumstances :

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist :

- (a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or Company, which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors :

- (a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the year in which this report is made.

Significant event during the financial year

On 13 July 2001, the Company entered into a conditional agreement and a Deed of Variation for the proposed acquisition of the entire equity interest in Sarawak Plywood (M) Sdn. Bhd., comprising 8,289,483 ordinary shares of RM1.00 each, for cash consideration of RM21,765,000. The proposed acquisition is subject to the approval of the Company's shareholders at an Extraordinary General Meeting.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 30 April 2002.

TIONG ING
DIRECTOR

TIONG KIONG KING
DIRECTOR

Sibu

Statement By Directors Pursuant to Section 169(15) of the Companies Act, 1965

We, Tiong Ing and Tiong Kiong King, two of the Directors of Subur Tiasa Holdings Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 33 to 56 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 January 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 30 April 2002.

TIONG ING
DIRECTOR

TIONG KIONG KING
DIRECTOR

Sibu

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

I, Tiong Ing, the Director primarily responsible for the financial management of Subur Tiasa Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 56 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.

TIONG ING

Subscribed and solemnly declared by the abovenamed Tiong Ing at Sibu, Sarawak on 30 April 2002, before me.

COMMISSIONER FOR OATHS

We have audited the financial statements set out on pages 33 to 56. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :

(i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(ii) the state of affairs of the Group and Company as at 31 January 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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.

Our reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

LEE YOKE KHAI
(No. 1589/8/03 (J))
Partner of the firm

Kuching
30 April 2002

Income Statements for the Financial Year Ended 31 January 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	4	320,824,919	308,352,796	201,823,081	129,264,116
Cost of sales		<u>(273,803,896)</u>	<u>(236,476,315)</u>	<u>(177,615,667)</u>	<u>(94,880,884)</u>
Gross profit		47,021,023	71,876,481	24,207,414	34,383,232
Other operating income		6,372,567	8,551,601	10,684	472,096
Selling and distribution expenses		<u>(32,440,309)</u>	<u>(23,585,137)</u>	<u>(15,198,038)</u>	<u>(4,691,201)</u>
Administrative expenses		<u>(13,184,774)</u>	<u>(14,525,263)</u>	<u>(3,995,516)</u>	<u>(2,774,789)</u>
Other operating expenses		<u>(21,377,166)</u>	<u>(8,092,767)</u>	<u>(16,538,973)</u>	<u>(6,926,938)</u>
(Loss)/profit from operations	5	<u>(13,608,659)</u>	<u>34,224,915</u>	<u>(11,514,429)</u>	<u>20,462,400</u>
Finance cost	6	<u>(6,424,278)</u>	<u>(2,707,204)</u>	<u>(6,150,000)</u>	<u>(2,561,096)</u>
(Loss)/profit from ordinary activities before tax		<u>(20,032,937)</u>	<u>31,517,711</u>	<u>(17,664,429)</u>	<u>17,901,304</u>
Tax	7	<u>27,508</u>	<u>(3,378,868)</u>	<u>67,108</u>	<u>(4,612,413)</u>
Net (loss)/profit for the financial year		<u><u>(20,005,429)</u></u>	<u><u>28,138,843</u></u>	<u><u>(17,597,321)</u></u>	<u><u>13,288,891</u></u>
(Loss)/earnings per share (sen)	8	<u>(10.00)</u>	<u>14.07</u>		
Dividends per share (sen)	9	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>

Balance Sheets as at 31 January 2002

	<i>Note</i>	<i>2002 RM</i>	<i>Group 2001 RM</i>	<i>2002 RM</i>	<i>Company 2001 RM</i>
Non current assets					
Property, plant and equipment	10	169,809,212	171,450,369	19,486,620	10,675,059
Subsidiaries	11	-	-	147,021,237	147,021,237
Rights in timber licenses	12	154,575,352	165,145,028	154,575,352	165,145,028
Goodwill on consolidation	13	4,809,528	6,994,976	-	-
Long term receivable	14	27,537,754	-	27,537,754	-
		<u>356,731,846</u>	<u>343,590,373</u>	<u>348,620,963</u>	<u>322,841,324</u>
Current assets					
Inventories	15	60,806,891	44,763,769	10,455,834	5,564,541
Trade and other receivables	16	32,941,933	25,112,948	19,186,234	7,352,307
Amounts due from subsidiaries	17	-	-	42,266,815	48,867,853
Dividends receivable		-	-	-	10,000,000
Tax recoverable		4,845,545	4,480,768	2,479,041	-
Deposits, bank and cash balances	18	26,487,895	69,580,301	9,655,214	40,698,990
		<u>125,082,264</u>	<u>143,937,786</u>	<u>84,043,138</u>	<u>112,483,691</u>
Current liabilities					
Trade and other payables	19	84,731,833	40,296,616	47,767,619	23,777,640
Amount due to a subsidiary	17	-	-	33,000,000	33,000,000
Bankers' acceptances	20	-	16,000,000	-	-
Proposed dividend		-	6,000,000	-	6,000,000
Provision for taxation		9,125	3,075,702	-	3,053,572
Term loan (unsecured)	21	30,000,000	-	30,000,000	-
		<u>114,740,958</u>	<u>65,372,318</u>	<u>110,767,619</u>	<u>65,831,212</u>
Net current assets/ (liabilities)		<u>10,341,306</u>	<u>78,565,468</u>	<u>(26,724,481)</u>	<u>46,652,479</u>
		<u>367,073,152</u>	<u>422,155,841</u>	<u>321,896,482</u>	<u>369,493,803</u>
Capital and reserves					
Share capital	22	200,000,000	200,000,000	200,000,000	200,000,000
Share premium		59,679,744	59,679,744	59,679,744	59,679,744
Reserves on consolidation		25,386,306	30,463,566	-	-
Retained earnings/ (accumulated losses)		12,007,102	32,012,531	(7,783,262)	9,814,059
Shareholders' equity		<u>297,073,152</u>	<u>322,155,841</u>	<u>251,896,482</u>	<u>269,493,803</u>
Non current liabilities					
Term loan (unsecured)	21	70,000,000	100,000,000	70,000,000	100,000,000
		<u>367,073,152</u>	<u>422,155,841</u>	<u>321,896,482</u>	<u>369,493,803</u>

Consolidated Statement of Changes in Equity

for the Financial Year Ended 31 January 2002

	Note	Issued and fully paid ordinary shares of RM1 each Number of shares	Nominal value RM	Share premium RM	Non distributable Reserve on consolidation RM	Distributable Retained earnings RM	Total RM
At 1 February 2000		200,000,000	200,000,000	59,679,744	35,540,826	9,873,688	305,094,258
Net profit for the financial year		-	-	-	-	28,138,843	28,138,843
Amortisation of reserve on consolidation		-	-	-	(5,077,260)	-	(5,077,260)
Dividends for the financial year ended 31 January 2001	9	-	-	-	-	(6,000,000)	(6,000,000)
At 31 January 2001		<u>200,000,000</u>	<u>200,000,000</u>	<u>59,679,744</u>	<u>30,463,566</u>	<u>32,012,531</u>	<u>322,155,841</u>
At 1 February 2001		200,000,000	200,000,000	59,679,744	30,463,566	32,012,531	322,155,841
Net loss for the financial year		-	-	-	-	(20,005,429)	(20,005,429)
Amortisation of reserve on consolidation		-	-	-	(5,077,260)	-	(5,077,260)
Dividends for the financial year ended 31 January 2002	9	-	-	-	-	-	-
At 31 January 2002		<u>200,000,000</u>	<u>200,000,000</u>	<u>59,679,744</u>	<u>25,386,306</u>	<u>12,007,102</u>	<u>297,073,152</u>

Company Statement of Changes in Equity

for the Financial Year Ended 31 January 2002

	Note	Issued and fully paid ordinary shares of RM1 each Number of shares	Nominal value RM	Non distributable Share premium RM	(Accumulated losses)/ Retained earnings RM	Total RM
At 1 February 2000		200,000,000	200,000,000	59,679,744	2,525,168	262,204,912
Net profit for the financial year		-	-	-	13,288,891	13,288,891
Dividends for the financial year ended 31 January 2001	9	-	-	-	(6,000,000)	(6,000,000)
At 31 January 2001		<u>200,000,000</u>	<u>200,000,000</u>	<u>59,679,744</u>	<u>9,814,059</u>	<u>269,493,803</u>
At 1 February 2001		200,000,000	200,000,000	59,679,744	9,814,059	269,493,803
Net loss for the financial year		-	-	-	(17,597,321)	(17,597,321)
Dividends for the financial year ended 31 January 2002	9	-	-	-	-	-
At 31 January 2002		<u>200,000,000</u>	<u>200,000,000</u>	<u>59,679,744</u>	<u>(7,783,262)</u>	<u>251,896,482</u>

Cash Flow Statements for the Financial Year Ended 31 January 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Operating activities					
Net (loss)/profit for the financial year		(20,005,429)	28,138,843	(17,597,321)	13,288,891
Adjustments for :					
Amortisation of reserve on consolidation		(5,077,260)	(5,077,260)	-	-
Amortisation of goodwill on consolidation		1,165,828	1,165,829	-	-
Amortisation of timber rights		12,538,973	6,926,938	12,538,973	6,926,938
Goodwill written off		1,019,620	-	-	-
Deferred expenditure written off		-	107,085	-	88,470
Depreciation of property, plant and equipment		18,710,658	18,963,066	279,618	28,346
Property, plant and equipment written off		997,070	6,044	-	-
Net (gain)/loss on disposal of property, plant and equipment		(38,792)	(124,338)	7,266	-
Dividend income		-	-	-	(10,000,000)
Interest expenses		6,424,278	2,707,204	6,150,000	2,561,096
Interest income		(818,036)	(2,092,059)	(175,451)	(1,082,139)
Gain on liquidation of a subsidiary		-	(675,564)	-	-
Tax		(27,508)	3,378,868	(67,108)	4,612,413
		<u>14,889,402</u>	<u>53,424,656</u>	<u>1,135,977</u>	<u>16,424,015</u>
Changes in working capital :					
Inventories		(16,043,122)	9,156,855	(4,891,293)	1,033,497
Trade and other receivables		(34,954,991)	431,225	(39,360,965)	(2,236,455)
Trade and other payables		42,465,920	(24,969,329)	22,020,682	(32,629,844)
Amounts due from/(to) subsidiaries		-	-	22,935,019	49,619,787
		<u>6,357,209</u>	<u>38,043,407</u>	<u>1,839,420</u>	<u>32,211,000</u>
Dividend received		-	-	-	10,000,000
Interest paid		(6,424,278)	(1,696,245)	(6,150,000)	(1,550,137)
Interest received		818,036	2,000,550	175,451	1,073,244
Tax paid		(3,403,846)	(9,497,712)	(2,963,284)	(4,564,960)
		<u>(2,652,879)</u>	<u>28,850,000</u>	<u>(7,098,413)</u>	<u>37,169,147</u>
Net cash flow from operating activities		<u>(2,652,879)</u>	<u>28,850,000</u>	<u>(7,098,413)</u>	<u>37,169,147</u>

Cash Flow Statements for the Financial Year Ended 31 January 2002 (cont'd)

	Note	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
Investing activities					
Purchase of property, plant and equipment		(18,439,527)	(16,765,769)	(9,109,161)	(7,306,396)
Proceeds from disposal of property, plant and equipment		-	410,730	-	-
Purchase of timber rights		-	(101,172,465)	-	(101,172,465)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash flow from investing activities		<u>(18,439,527)</u>	<u>(117,527,504)</u>	<u>(9,109,161)</u>	<u>(108,478,861)</u>
Financing activities					
(Repayment to) /advances from subsidiaries		-	-	(8,836,202)	5,789,129
Dividends paid to shareholders		(6,000,000)	(10,000,000)	(6,000,000)	(10,000,000)
Drawdown of term loan		-	100,000,000	-	100,000,000
Drawdown of bankers' acceptances		23,800,000	42,967,000	-	-
Repayment of bankers' acceptances		<u>(39,800,000)</u>	<u>(26,967,000)</u>	<u> </u>	<u> </u>
Net cash flow from financing activities		<u>(22,000,000)</u>	<u>106,000,000</u>	<u>(14,836,202)</u>	<u>95,789,129</u>
Net change in cash and cash equivalents		<u>(43,092,406)</u>	<u>17,322,496</u>	<u>(31,043,776)</u>	<u>24,479,415</u>
Cash and cash equivalents at beginning of the financial year		<u>69,580,301</u>	<u>52,257,805</u>	<u>40,698,990</u>	<u>16,219,575</u>
Cash and cash equivalents at end of the financial year	18	<u>26,487,895</u>	<u>69,580,301</u>	<u>9,655,214</u>	<u>40,698,990</u>

Notes to the Financial Statements

1. General information

The principal activities of the Company are that of investment holding, extraction and sale of logs.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office and the principal place of business of the Company is as follows :

No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C. D. T. 123, 96000 Sibu, Sarawak, Malaysia

The principal closing rate used in translation of foreign currency amounts was as follows :

<i>Foreign currency</i>	<i>2002 RM</i>	<i>2001 RM</i>
1 USD	3.80	3.80

The number of employees at the end of the financial year amounted to 1,666 (2001: 1,677) employees in the Group and 57 (2001: 17) employees in the Company.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved accounting standards and the provisions of the Companies Act require the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Actual results could differ from those estimates.

3. Summary of significant accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The results of all subsidiaries acquired or disposed of during the financial year are included in the consolidated income statements from the date of acquisition or up to the date of disposal.

The difference between the fair value of the purchase consideration and the fair values of the separable net assets of subsidiaries at the date of acquisition, is treated as goodwill or reserve on consolidation. Goodwill or reserve on consolidation is amortised over a period of ten years through the income statement. Goodwill on consolidation is written off when the Directors are of the opinion that there has been a permanent impairment in value.

All inter-company balances and significant transactions have been eliminated on consolidation.

3. Summary of significant accounting policies (cont'd)**(b) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation.

Capital work-in-progress is not depreciated until they are put into use. Depreciation on the other property, plant and equipment is provided for on the straight-line basis to write off the cost of the property, plant and equipment over their estimated useful lives at the following annual rates :

Long leasehold land	60 years
Short leasehold land	26 - 31 years
Buildings	2% - 10%
Infrastructure facilities	5% - 10%
Watercrafts, tractors, trucks and motor vehicles	10% - 25%
Plant and machinery	7.5% - 20%
Furniture, fittings and equipment	5% - 20%
Computer hardware and software	10% - 20%

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

(c) Investments

Investments in subsidiaries held for long term are stated at cost. When the Directors are of the opinion that there is an indication of impairment, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(d) Rights in timber licenses

Expenditure incurred in respect of acquisition of timber license is deferred and is amortised upon commencement of extraction of timber. Rights in timber licenses are stated at cost and are amortised on a straight-line basis over the remaining tenure of the license periods, which ranged between 12 and 15 years.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials and general stores is determined using the weighted average method. The cost of finished goods and work-in-progress, which is stated at standard cost, comprise direct materials, labour costs and production overheads based on normal level of activity. The standard cost is adjusted to actual cost by prorating the price variance between actual and standard cost into finished goods and work-in-progress. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(f) Receivables

All known bad debts in respect of trade receivables are written off or fully provided for.

(g) Deferred taxation

Deferred taxation is provided on the liability method in respect of timing differences between accounting and taxable profits. Debit balances in the deferred taxation account are not recognised unless there is reasonable certainty of their realisation in the foreseeable future.

3. Summary of significant accounting policies (cont'd)

(h) Foreign currencies

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at year end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

(i) Revenue recognition

Revenue are recognised upon delivery of goods or transmission of electricity. Interest and dividend are recognised on an accrual basis.

(j) Cash and cash equivalents

Cash and cash equivalents comprise bank and cash balances, fixed deposits with licensed financial institutions and bank overdraft. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. Revenue

	2002 RM	2001 RM
<u>Group</u>		
Sale of logs	135,878,224	73,937,252
Sale of plywood	111,932,566	140,731,577
Sale of veneer	29,646	5,755,294
Sale of raw and laminated particleboard	54,167,194	59,093,220
Sale of sawn timber, finger joint moulding and by-products	18,018,160	27,800,538
Supply of energy and electricity	799,129	1,034,915
	<u>320,824,919</u>	<u>308,352,796</u>
<u>Company</u>		
Sale of logs	201,647,630	118,181,977
Interest income	175,451	1,082,139
Dividend income from a subsidiary	-	10,000,000
	<u>201,823,081</u>	<u>129,264,116</u>

5. (Loss)/profit from operations

(Loss)/profit from operations is arrived at after charging :

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Auditors' remuneration				
- current financial year	86,000	85,000	22,000	20,000
- under/(over) provision in prior financial year	5,000	(15,000)	2,000	-
Amortisation of goodwill on consolidation	1,165,828	1,165,829	-	-
Amortisation of timber rights	12,538,973	6,926,938	12,538,973	6,926,938
Bad debts written off	-	75,833	-	-
Deferred expenditure written off	-	107,085	-	88,470
Depreciation of property, plant and equipment	18,710,658	18,963,066	279,618	28,346
Directors' remuneration				
- fees	78,250	60,600	75,250	57,600
- other emoluments	763,856	878,290	763,856	878,290
Goodwill on consolidation written off	1,019,620	-	-	-
Hiring charges	43,940	63,000	-	-
Property, plant and equipment written off	997,070	6,044	-	-
Net realised foreign exchange loss	43,815	-	42,723	-
Allowance for doubtful debts	-	40,762	4,000,000	-
Inventory writedown	1,383,422	268,110	-	-
Rental of				
- buildings	100,680	140,157	4,700	1,397
- land	103,600	96,560	7,000	-
- rivercrafts	116,635	14,402	116,635	14,142
- tools and equipment	5,479	4,575	3,679	750
- vehicles	4,495	7,054	2,775	6,814
Staff cost (excluding Directors' remuneration)	18,804,377	19,189,891	1,207,485	686,587
Contract termination costs *	5,001,003	-	-	-
and crediting :				
Bad debts recovered	(5,000)	-	-	-
Amortisation of reserve on consolidation	(5,077,260)	(5,077,260)	-	-
Dividend income from unquoted investment in subsidiary company, tax exempt	-	-	-	(10,000,000)
Gain on liquidation of a subsidiary	-	(675,564)	-	-
Interest income				
- fixed deposits	(814,296)	(2,085,124)	(175,451)	(1,078,350)
- others	(3,740)	(6,935)	-	(3,789)
Net realised foreign exchange gain	(37,336)	(21,432)	-	(1,653)
Net (gain)/loss on disposal of property, plant and equipment	(38,792)	(124,338)	7,266	-
Rental income				
- land	(64,400)	(70,320)	-	-
- others	(46,200)	(31,200)	-	-

The estimated monetary value of benefits-in-kind provided to a Director of the Company was RM1,750 (2001: RM5,300).

* Contract termination costs represent payment for mutual termination of a power plant project to supply electricity to the Group's plywood mill.

6. Finance cost

	<i>Group</i>		<i>Company</i>	
	<i>2002 RM</i>	<i>2001 RM</i>	<i>2002 RM</i>	<i>2001 RM</i>
Interest expenses :				
Term loan	6,150,000	2,561,096	6,150,000	2,561,096
Bankers' acceptances	274,278	146,108	-	-
	<u>6,424,278</u>	<u>2,707,204</u>	<u>6,150,000</u>	<u>2,561,096</u>

7. Tax

	<i>Group</i>		<i>Company</i>	
	<i>2002 RM</i>	<i>2001 RM</i>	<i>2002 RM</i>	<i>2001 RM</i>
Current financial year	39,600	4,904,574	-	4,585,574
(Over)/under provision in prior financial years	(67,108)	(1,525,706)	(67,108)	26,839
	<u>(27,508)</u>	<u>3,378,868</u>	<u>(67,108)</u>	<u>4,612,413</u>

There is no tax charge on the Company for the financial year due to utilisation of capital allowance amounting to approximately RM7,000 and current year adjusted tax loss amounting to approximately RM175,000 to set off against the taxable income for the financial year.

The unutilised tax losses of the Group and Company for which the tax effects have not been recognised in the financial statements amounted to approximately RM16,688,000 (2001: RM8,709,000) and RM668,000 (2001: Nil), respectively.

8. (Loss)/earnings per share

The (loss)/earnings per share of the Group has been calculated based on the net (loss)/profit for the financial year of RM20,005,429 (2001: RM28,138,843) and the number of ordinary shares in issue of 200,000,000 (2001: 200,000,000) during the financial year.

9. Dividends per share

	<i>Group and Company</i>			
	<i>2002 Gross dividend per share Sen</i>	<i>2002 Amount of dividend, tax exempt RM</i>	<i>2001 Gross dividend per share Sen</i>	<i>2001 Amount of dividend, tax exempt RM</i>
Final dividend paid	-	-	3	6,000,000

10. Property, plant and equipment

Group 2002	Long leasehold land RM	Short leasehold land RM	Buildings RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
Cost										
As at 1.2.2001	13,183,177	4,239,879	80,913,599	11,205,739	193,581,501	13,058,276	2,959,343	17,684,836	15,743,347	352,569,697
Additions	-	-	119,867	680,110	384,823	-	129,611	17,625	17,107,491	18,439,527
Disposals/written off	-	-	-	(589,308)	(7,766,207)	-	(55,020)	-	(65,730)	(8,476,265)
Reclassification	-	-	13,354,667	238,718	1,691,370	220,578	6,487,711	4,536,989	(26,530,033)	-
As at 31.1.2002	13,183,177	4,239,879	94,388,133	11,535,259	187,891,487	13,278,854	9,521,645	22,239,450	6,255,075	362,532,959
Accumulated depreciation										
As at 1.2.2001	820,607	502,553	37,381,229	9,952,866	121,250,213	7,078,541	1,312,729	2,820,590	-	181,119,328
Charge for the financial year	224,774	147,964	3,723,659	583,566	10,799,318	815,774	394,112	2,021,491	-	18,710,658
Disposals/written off	-	-	-	(458,105)	(6,622,375)	-	(25,759)	-	-	(7,106,239)
As at 31.1.2002	1,045,381	650,517	41,104,888	10,078,327	125,427,156	7,894,315	1,681,082	4,842,081	-	192,723,747
Net book value										
As at 31.1.2002	12,137,796	3,589,362	53,283,245	1,456,932	62,464,331	5,384,539	7,840,563	17,397,369	6,255,075	169,809,212
As at 31.1.2001	12,362,570	3,737,326	43,532,370	1,252,873	72,331,288	5,979,735	1,646,614	14,864,246	15,743,347	171,450,369

Long leasehold land with net book value of RM12,137,796 (2001: RM12,362,570) is pledged as security for banking facilities for the Company and its subsidiaries.

Certain buildings of the Group with net book value of RM4,392,625 (2001: RM5,222,389) are situated on land which is held by a company in which certain Directors and certain substantial shareholders of the Company have financial interests.

10 Property, plant and equipment (cont'd)

Company 2002	Building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
Cost					
As at 1.2.2001	-	216,891	136,000	10,368,084	10,720,975
Additions	-	37,463	83,015	8,988,683	9,109,161
Disposals/written off	-	(20,185)	-	(2,501)	(22,686)
Reclassification	12,503,317	6,482,457	75,573	(19,061,347)	-
As at 31.1.2002	12,503,317	6,716,626	294,588	292,919	19,807,450
Accumulated depreciation					
As at 1.2.2001	-	39,116	6,800	-	45,916
Charge for the financial year	166,711	81,680	31,227	-	279,618
Disposals/written off	-	(4,704)	-	-	(4,704)
As at 31.1.2002	166,711	116,092	38,027	-	320,830
Net book value					
As at 31.1.2002	12,336,606	6,600,534	256,561	292,919	19,486,620
Net book value					
As at 31.1.2001	-	177,775	129,200	10,368,084	10,675,059

11. Subsidiaries

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unquoted shares, at cost	-	-	147,021,237	147,021,237

The shares of all subsidiaries are held directly by the Company. Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows :

Subsidiaries	Principal activities	Effective equity interest	
		2002 %	2001 %
Subur Tiasa Plywood Sdn. Bhd.	Manufacture and sale of plywood and veneer	100	100
Subur Tiasa Particleboard Sdn. Bhd.	Manufacture and sale of particleboard	100	100
R H Timber Processing Industries Sdn. Bhd.	Manufacture and sale of sawn timber	100	100
Trimogreen Sdn. Bhd.	Manufacture and sale of sawn timber and finger joint moulding	100	100
Homet Raya Sdn. Bhd.	Independent power producer	100	100
T. Q. Oriental Sdn. Bhd.	Dormant	100	100
Subur Tiasa Forestry Sdn. Bhd.	Dormant	100	100

12. Rights in timber licenses

	Group and Company	
	2002 RM	2001 RM
Purchase consideration, at cost	181,477,435	84,391,000
Add : Overstatement of discount received/ (less discount received)	1,969,297	(4,086,030)
	<u>183,446,732</u>	<u>80,304,970</u>
Add: Additions	-	101,172,465
	<u>183,446,732</u>	<u>181,477,435</u>
Less: Accumulated amortisation	(28,871,380)	(16,332,407)
	<u>154,575,352</u>	<u>165,145,028</u>

13. Goodwill on consolidation

	2002 RM	Group 2001 RM
Acquisition of subsidiaries	11,658,293	11,658,293
Less : Accumulated amortisation	(5,829,145)	(4,663,317)
Less : Goodwill written off	(1,019,620)	-
	<u>4,809,528</u>	<u>6,994,976</u>

14. Long term receivable

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

15. Inventories

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
At cost				
Raw materials				
- Logs	17,705,484	9,138,989	10,455,834	5,564,541
- Waste timber	469,749	258,099	-	-
Finished goods				
- Finger joint moulding	488,152	415,341	-	-
- Particleboard	1,849,877	2,702,566	-	-
- Plywood and veneer	13,290,437	8,436,996	-	-
- Sawn timber	1,325,615	2,625,325	-	-
Work-in-progress	4,349,994	3,974,382	-	-
General stores	12,480,146	13,203,586	-	-
	<u>51,959,454</u>	<u>40,755,284</u>	<u>10,455,834</u>	<u>5,564,541</u>
At net realisable value				
Finished goods				
- Particleboard	182,711	1,683,949	-	-
- Plywood and veneer	7,743,765	2,324,536	-	-
- Sawn timber	815,238	-	-	-
- Finger joint moulding	105,723	-	-	-
	<u>60,806,891</u>	<u>44,763,769</u>	<u>10,455,834</u>	<u>5,564,541</u>

16. Trade and other receivables

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade receivables	23,718,847	20,179,950	13,040,624	6,914,156
Less: Allowance for doubtful debts	(168,741)	(361,293)	-	-
	<u>23,550,106</u>	<u>19,818,657</u>	<u>13,040,624</u>	<u>6,914,156</u>
Other receivables	220,249	530,441	46,896	434,691
Deposits	2,884,710	3,298,076	1,038,605	2,460
Prepayments	6,286,868	1,465,774	5,060,109	1,000
	<u>32,941,933</u>	<u>25,112,948</u>	<u>19,186,234</u>	<u>7,352,307</u>

Trade receivables of the Group and the Company include amounts of RM6,429,579 (2001: RM6,758,932) and RM4,224,001 (2001: RM4,741,710) respectively due from companies in which certain Directors and substantial shareholders of the Company have financial interests.

These amounts are unsecured, interest free and have no fixed terms of repayment.

17. Amounts due from/(to) subsidiaries

	Company	
	2002 RM	2001 RM
Amounts due from subsidiaries	46,266,815	48,867,853
Less : Allowance for doubtful debts	(4,000,000)	-
	<u>42,266,815</u>	<u>48,867,853</u>
Advance from a subsidiary	<u>(33,000,000)</u>	<u>(33,000,000)</u>

Amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment.

18. Deposits, bank and cash balances

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Fixed deposits with licensed banks	22,702,805	67,898,924	9,500,000	40,456,312
Bank and cash balances	3,785,090	1,681,377	155,214	242,678
	<u>26,487,895</u>	<u>69,580,301</u>	<u>9,655,214</u>	<u>40,698,990</u>

19. Trade and other payables

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade payables	71,141,626	29,593,593	36,179,534	15,505,213
Other payables	1,525	1,525	-	-
Deposits	213,441	118,899	-	-
Trade accruals	13,375,241	10,582,599	11,588,085	8,272,427
	<u>84,731,833</u>	<u>40,296,616</u>	<u>47,767,619</u>	<u>23,777,640</u>

Trade payables of the Group and the Company include amounts of RM39,799,651 (2001: RM20,402,166) and RM15,176,924 (2001: RM14,607,955) respectively due to companies in which certain Directors and substantial shareholders of the Company have financial interests. These amounts are in respect of trade purchases in the normal course of business and are unsecured, interest free and have no fixed terms of repayment.

20. Bankers' acceptances

	Group	
	2002 RM	2001 RM
Bankers' acceptances		
- secured	-	6,000,000
- unsecured	-	10,000,000
	<u>-</u>	<u>16,000,000</u>

The secured bankers' acceptances are secured by way of a fixed charge over a subsidiary's long leasehold land, a fixed and floating charge on all assets of a subsidiary and jointly and severally guaranteed by certain Directors of the Company and the subsidiaries. Interest was charged during the financial year at rates ranging from 3.05% to 3.55% (2001: 3.20% to 3.50%) per annum.

21. Term loan (unsecured)

	Group and Company	
	2002	2001
	RM	RM
Not later than 1 year	30,000,000	-
Later than 1 year and not later than 2 years	40,000,000	30,000,000
Later than 2 years and not later than 5 years	30,000,000	70,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Disclosed as :		
Current	30,000,000	-
Non current	70,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>

Interest was incurred during the financial year at 6.15% (2001: 6.15%) per annum. The term loan is repayable over eleven quarterly instalments commencing February 2002, which has been extended to March 2002, with the first two instalments payable at RM5,000,000 each, and thereafter at RM10,000,000 each. The term loan contains covenants that require the Group to maintain minimum revenue and shareholders' equity, and limit the gearing ratio, cash interest cover ratio and debt service cover ratio.

On 22 March 2002, the Company entered into a supplemental facility agreement with the bank to extend the repayment of the term loan for another eighteen months. The term loan is now repayable over eight half-yearly instalments commencing September 2003.

22. Share capital

	Group and Company	
	2002	2001
	RM	RM
Authorised :		
Ordinary shares of RM1 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid :		
Ordinary shares of RM1 each	<u>200,000,000</u>	<u>200,000,000</u>

23. Significant related party disclosures

During the financial year, the Group and the Company entered into the following significant related party transactions. The related party transactions described below have been entered into in the normal course of business and have been established under terms negotiated between the parties concerned, and were not materially different from those entered with third parties.

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Transactions with subsidiaries :				
Sale of logs to :				
- R H Timber Processing Industries Sdn. Bhd.@	-	-	(1,585,352)	(8,253,376)
- Subur Tiasa Plywood Sdn. Bhd.	-	-	(54,811,503)	(31,543,253)
- Trimogreen Sdn. Bhd.	-	-	(9,423,091)	(4,558,374)
Transactions with companies in which certain Directors and substantial shareholders have financial interests :				
Air ticket charges paid/payable to :				
- R. H. Tours and Travel Agency Sdn. Bhd.*@	97,695	247,440	15,999	41,781
Consultancy and technical services paid/payable to :				
- Comserv (Sarawak) Sdn. Bhd. *	15,000	-	-	-
Freight and handling charges paid/payable to :				
- Caswan Jaya Sdn. Bhd.	882,453	1,084,174	-	-
- Continental Spectrum Sdn. Bhd.	220,611	-	220,611	-
- Globalcom Sdn. Bhd.	62,272	-	62,272	-
- Globular Sdn. Bhd. *@	1,335,247	864,993	1,179,002	863,613
- Hornbilland Bhd.	384,538	-	384,538	-
- Kunari Timber Sdn. Bhd. *@	-	2,616	-	2,216
- Laut Sepakat Sdn. Bhd.	400,871	-	374,432	-
- Onward Shipping Sdn. Bhd. #	2,147,018	653,481	-	-
- Rimbunan Hijau Sdn. Bhd. *@	362,587	(794)	362,587	(794)
- Subur Abadi Sdn. Bhd. *@	23,419	-	23,419	-
- Syarikat Perkapalan C. H. Ling Sdn. Bhd. #	8,334,041	10,232,408	-	-
- Taman Logging Sdn. Bhd. *@	1,163,741	-	1,163,741	-
- Tenaga Bangsawan Sdn. Bhd.	233,463	-	233,463	-
- Transport Resources Sdn. Bhd. *@	72,792	-	72,792	-
- Vital Focus Shipping Sdn. Bhd.	526,636	-	526,636	-
Hotel fee paid/payable to :				
- Tanahmas (S) Sdn. Bhd.	9,994	-	2,356	-
Insurance charges paid/payable to :				
- Evershine Agency Sdn. Bhd. *	847,897	260,578	27,091	772
- Harmony Agencies Sdn. Bhd. *	418,109	911,977	10,394	2,947

23. Significant related party disclosures (cont'd)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Logging contract fee paid/payable to :				
- Baram Lumber Development Sdn. Bhd. *@	30,636,155	40,342,676	30,636,155	40,342,676
- Borneo Tunas Sdn. Bhd. *@	15,623,395	-	15,623,395	-
- Sovereign Hill Sdn. Bhd. *@	16,001,879	18,214,019	16,001,879	18,214,019
- Sunplus Resources Sdn. Bhd. *@	35,223,537	-	35,223,537	-
Purchase of property, plant and equipment from :				
- Comserv (Sarawak) Sdn. Bhd. *	194,539	-	-	-
Marketing fee paid/payable to :				
- Rimbunan Hijau Sdn. Bhd. *@	1,404,024	-	1,404,024	-
Purchase of consumable stores from :				
- Comserv (Sarawak) Sdn. Bhd. *	31,933	191,444	-	-
- Jaya Tiasa Plywood Sdn. Bhd. *@	4,717	-	-	-
- Jaya Tiasa Timber Products Sdn. Bhd. *@	3,675	-	3,675	-
- Pan Sarawak Co Sdn. Bhd.	614,006	-	473,363	-
- Perpuluhan Jaya Sdn. Bhd. *	1,843	-	-	-
- Rimbunan Hijau General Trading Sdn. Bhd. *@	290,623	236,175	-	-
- Tiong Toh Siong & Sons Sdn. Bhd. *@	4,138,814	3,900,570	-	-
Purchase of electricity from :				
- Jaya Tiasa Timber Products Sdn. Bhd. *@	876,486	1,195,321	-	-
Purchase of logs from :				
- Binamewah Sdn. Bhd. *	5,650,586	1,270,056	1,216,707	182,205
- Curiah Sdn. Bhd. *@	387,034	352,856	-	-
- Hak Jaya Sdn. Bhd. *@	560,483	591,164	-	-
- Jaras Sdn. Bhd. *	16,899	625,461	-	-
- Jaya Tiasa Holdings Berhad *	8,713,322	-	-	-
- Jaya Tiasa Timber Products Sdn. Bhd. *@	162,082	-	-	-
- Kunari Timber Sdn. Bhd. *@	796,135	1,378,406	-	-
- Lasuria Sdn. Bhd. *	879,165	3,544,420	6,726	152,513
- Lukutan Enterprises Sdn. Bhd. *@	2,750,428	3,304,915	339,981	149,213
- Maxiwealth Holdings Sdn. Bhd. *@	-	205,135	-	-
- Rejang Logging Co. Sdn. Bhd. *@	4,140,502	14,594,925	622,902	1,457,774
- Rimbunan Hijau Sdn. Bhd. *@	1,653,716	9,126,080	366,053	71,958
- Sarica Enterprise Sdn. Bhd. *	41,182	-	41,182	-
- Sericahaya Sdn. Bhd. *@	955,360	497,777	-	-
- Subur Abadi Sdn. Bhd. *@	3,555,671	11,954,787	371,695	1,121,110
- Taman Logging Sdn. Bhd. *@	76,468	-	76,468	-
- Timbunan Hijau Sdn. Bhd. *	-	5,254,922	-	11,412
Purchase of raw materials from :				
- Petanak Enterprises Sdn. Bhd. *	18,753,942	10,080,078	-	-
- Sarawak Forest Product Sdn. Bhd. *@	42,040	-	-	-

23. Significant related party disclosures (cont'd)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Purchase of waste timber from :				
- Borneo Lumber Industries Sdn. Bhd.	2,480	-	-	-
- Perpuluhan Jaya Sdn. Bhd. *	-	1,300	-	-
- Unique Wood Sdn. Bhd.	41,398	-	-	-
Rental of land paid/payable to :				
- Rimbunan Hijau Sdn. Bhd. *@	86,400	86,400	-	-
- Tiong Toh Siong & Sons Sdn. Bhd. *@	2,700	-	2,700	-
- Tiong Toh Siong Holdings Sdn. Bhd. *@	10,200	10,200	-	-
Waiver of interest income from :				
- Garu Sdn. Bhd. *	-	91,170	-	-
- Inland Timber Industries Sdn. Bhd. *@	-	101,928	-	-
Consultancy and technical services provided to :				
- Perpuluhan Jaya Sdn. Bhd. *	(60,000)	(60,000)	-	-
Sales of property, plant and equipment to :				
- C O Tiong Holdings Sdn. Bhd.#	(131,198)	-	-	-
Rental income received/receivable from :				
- Perpuluhan Jaya Sdn. Bhd. *	(30,000)	(30,000)	-	-
Sales of electricity to :				
- Perpuluhan Jaya Sdn. Bhd. *	(799,130)	(1,034,916)	-	-
Sales of logs to :				
- Hak Jaya Sdn. Bhd. *@	(668,681)	(729,222)	(668,681)	(729,222)
- Kunari Timber Sdn. Bhd. *@	(189,034)	(18,641)	(189,034)	(18,641)
- Lukutan Enterprises Sdn. Bhd. *@	(118,909)	(4,325,680)	(118,909)	(4,325,680)
- Sarawak Forest Product Sdn. Bhd. *@	(1,022,726)	(129,118)	(1,022,726)	(129,118)
- Twinfield Sdn. Bhd. *	(10,109,083)	-	(10,109,083)	-
Sales of logs, sawn timber and by-products to :				
- Jaya Tiasa Timber Products Sdn. Bhd. *@	(13,826)	(74,712)	(13,826)	-
- Rimbunan Hijau Sdn. Bhd. *@	(3,614,964)	-	(3,612,781)	-
- Perpuluhan Jaya Sdn. Bhd. *	(5,125,536)	(110,276)	(5,125,536)	-
Sales of moulding to :				
- Tiong Toh Siong & Sons Sdn. Bhd. *@	(31,605)	-	-	-
Sales of plywood to :				
- Jaya Tiasa Plywood Sdn. Bhd. *@	(1,955)	-	(1,955)	-
Sales of waste timber to :				
- Jaya Tiasa Timber Products Sdn. Bhd. *@	(77,865)	-	-	-

23. Significant related party disclosures (cont'd)

* These are companies in which Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, a substantial shareholder of the Company, who is also a director of R H Timber Processing Industries Sdn. Bhd. and Homet Raya Sdn. Bhd. has substantial interest, both direct and/or indirect interest.

@ These are companies in which Tan Sri Datuk Diong Hiew King @ Tiong Hiew King is a director.

These are companies in which Tiong Chiong Ong, who is a director of Subur Tiasa Forestry Sdn. Bhd., Subur Tiasa Particleboard Sdn. Bhd., Subur Tiasa Plywood Sdn. Bhd., T. Q. Oriental Sdn. Bhd., Trimogreen Sdn. Bhd. and Petanak Enterprises Sdn. Bhd., is a substantial shareholder.

The nature and extent of the interest of the Directors concerned are as set out below :

(a) YABhg Datuk Patinggi Tan Sri Dr. Wong Soon Kai

Director of Taman Logging Sdn. Bhd..

(b) YBhg Datuk Kenneth Kanyan Anak Temenggong Koh

Director of Garu Sdn. Bhd..

Deemed interested in Jaya Tiasa Holdings Berhad by virtue of his substantial shareholding in Amanas Sdn. Bhd..

(c) Tiong Kiong King

A member of the family of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King.

Director of the following companies :

- Rimbunan Hijau Sdn. Bhd.;
- Tiong Toh Siong Holdings Sdn. Bhd.; and
- Rejang Logging Co. Sdn. Bhd..

Substantial shareholder of the following companies :

- Perpuluan Jaya Sdn. Bhd.;
- Baram Lumber Development Sdn. Bhd.;
- Sovereign Hill Sdn. Bhd.;
- Inland Timber Industries Sdn. Bhd.;
- Binamewah Sdn. Bhd.;
- Tiong Toh Siong Holdings Sdn. Bhd.;
- Harmony Agencies Sdn. Bhd.;
- Timbunan Hijau Sdn. Bhd.;
- Twinfield Sdn. Bhd.;
- Taman Logging Sdn. Bhd.;
- Lasuria Sdn. Bhd.;
- Rejang Logging Co. Sdn. Bhd.; and
- Globalcom Sdn. Bhd..

A family member of Tiong Kiong King is a substantial shareholder in Evershine Agency Sdn. Bhd..

(d) Tiong Chiong Ie

Director of the following companies:

- Rimbunan Hijau Sdn. Bhd.;
- Tiong Toh Siong Holdings Sdn. Bhd.;
- Continental Spectrum Sdn. Bhd.;
- Globalcom Sdn. Bhd.; and
- Hornbilland Bhd.

Substantial shareholder of Vital Focus Shipping Sdn. Bhd..

23. Significant related party disclosures (cont'd)

(d) Tiong Chiong Ie (cont'd)

Deemed interested in the following companies by virtue of the substantial shareholding held by his family members in TYK Holding Sdn. Bhd. :

- Continental Spectrum Sdn. Bhd.;
- Globalcom Sdn. Bhd.; and
- Hornbilland Bhd.

Deemed interested in the following companies by virtue of his substantial shareholding in Priharta Development Sdn. Bhd. :

- Baram Lumber Development Sdn. Bhd.;
- Sovereign Hill Sdn. Bhd.;
- Evershine Agency Sdn. Bhd.;
- Binamewah Sdn. Bhd.;
- Tiong Toh Siong Holdings Sdn. Bhd.;
- Harmony Agencies Sdn. Bhd.;
- Taman Logging Sdn. Bhd.;
- Lasuria Sdn. Bhd.;
- Twinfield Sdn. Bhd.;
- Timbunan Hijau Sdn. Bhd.; and
- Inland Timber Industries Sdn. Bhd..

A family member of Tiong Chiong Ie is a substantial shareholder in Vital Focus Shipping Sdn. Bhd..

(e) Tiong Ing

A member of the family of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King.

Director of the following companies :

- Comserv (Sarawak) Sdn. Bhd.;
- Homet Raya Sdn. Bhd.;
- Petanak Enterprises Sdn. Bhd.;
- R H Timber Processing Industries Sdn. Bhd.;
- Subur Tiasa Forestry Sdn. Bhd.;
- Subur Tiasa Particleboard Sdn. Bhd.;
- T. Q. Oriental Sdn. Bhd.; and
- Trimogreen Sdn. Bhd..

Substantial shareholder of Tenaga Bangsawan Sdn. Bhd..

Deemed interested in the following companies by virtue of her substantial shareholding in Jet Holdings Sdn. Bhd. :

- Caswan Jaya Sdn. Bhd.; and
- Tenaga Bangsawan Sdn. Bhd..

Deemed interested in the following companies by virtue of her substantial shareholding in Unique Wood Holdings Sdn. Bhd. :

- Laut Sepakat Sdn. Bhd.;
- Borneo Lumber Industries Sdn. Bhd.; and
- Unique Wood Sdn. Bhd..

A family member of Tiong Ing has deemed interest in the following companies by virtue of his substantial shareholding in Pan Sarawak Holdings Sdn. Bhd. :

- Pan Sarawak Co Sdn. Bhd.; and
- Tanahmas (S) Sdn. Bhd..

24. Commitments

Capital expenditure not provided for in the financial statements is as follows :

	<i>Group</i>		<i>Company</i>	
	<i>2002 RM</i>	<i>2001 RM</i>	<i>2002 RM</i>	<i>2001 RM</i>
Authorised and contracted for	31,500,192	30,486,554	24,177,019	4,954,721
Authorised and not contracted for	31,228,291	13,957,124	24,000,000	387,616
	<u>62,728,483</u>	<u>44,443,678</u>	<u>48,177,019</u>	<u>5,342,337</u>
Analysed as follows :				
- Property, plant and equipment	16,963,483	44,443,678	2,412,019	5,342,337
- Acquisition of rights in timber license	24,000,000	-	24,000,000	-
- Acquisition of Sarawak Plywood (M) Sdn. Bhd.	21,765,000	-	21,765,000	-
	<u>62,728,483</u>	<u>44,443,678</u>	<u>48,177,019</u>	<u>5,342,337</u>

25. Contingent liabilities (unsecured)

	<i>Group</i>		<i>Company</i>	
	<i>2002 RM</i>	<i>2001 RM</i>	<i>2002 RM</i>	<i>2001 RM</i>
Guarantees provided for banking facilities of subsidiaries	-	-	54,045,000	54,045,000
Guarantees to the Forest Department of the State of Sarawak for extension of timber licenses	5,420,000	5,420,000	5,420,000	5,420,000
Guarantees to the Labour Department for foreign workers employed	827,400	1,115,900	-	-
	<u>6,247,400</u>	<u>6,535,900</u>	<u>59,465,000</u>	<u>59,465,000</u>

26. Segmental analysis

No segmental analysis is prepared as the Group is primarily engaged in the manufacturing, marketing and trading of timber and timber related products in Malaysia.

27. Comparative Figures

The presentation and classification of the following comparative amounts in the financial statements have been reclassified to ensure comparability with the current financial year.

	Group		Company	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Income statement				
Cost of sales	236,476,315	239,651,039	94,880,884	98,055,608
Selling and distribution expenses	23,585,137	20,410,413	4,691,201	1,516,477
Administrative expenses	14,525,263	21,452,201	2,774,789	9,701,727
Other operating expenses	<u>8,092,767</u>	<u>1,165,829</u>	<u>6,926,938</u>	<u>-</u>

Additional Compliance Information

Non-Audit Fee

The non-audit fees paid to Messrs PricewaterhouseCoopers for the financial year ended 31 January, 2002 amounted to RM527,550.

Material Contract

The material contracts of the Company and subsidiaries involving directors and substantial shareholders which were still subsisting at the end of the financial year ended 31 January, 2002 or entered into since the end of the previous financial year were as follows :

Date of contract	Related Parties	Nature of transaction	Consideration	Mode of satisfaction
1 October 1998	Sovereign Hill Sdn. Bhd.	Logging contract fee	RM16,001,879	Cash
1 October 1998	Baram Lumber Development Sdn. Bhd.	Logging contract fee	RM30,636,155	Cash
1 February 2001	Sunplus Resources Sdn. Bhd.	Logging contract fee	RM35,223,537	Cash
1 February 2001	Borneo Tunas Sdn. Bhd.	Logging contract fee	RM15,620,777	Cash
13 July 2001	Sarawak Plywood (M) Sdn Bhd. (SPSB)	Acquisition of entire equity interest	RM21,765,000	Cash

Tan Sri Datuk Diong Hiew King @ Tiong Hiew King who is a director of the subsidiary companies of STH, namely R H Timber Processing Industries Sdn. Bhd. and Homet Raya Sdn. Bhd., and who is also a major shareholder of the Company, is a director and has substantial interest, both direct and/or indirect interest in all of the above related parties.

Tiong Kiong King who is a director of the Company, is also director in SPSB. He is a major shareholder in Sovereign Hill Sdn. Bhd. and Baram Lumber Development Sdn. Bhd. and is deemed interested in SPSB through his substantial shareholding in Inland Timber Industries Sdn. Bhd..

Tiong Chiong le who is a director of the Company, is a director in SPSB and is deemed interested in Sovereign Hill Sdn. Bhd., Baram Lumber Development Sdn. Bhd. and SPSB through his substantial shareholding in Prihartta Development Sdn. Bhd..

Tiong Toh Siong Holdings Sdn. Bhd., a major shareholder in the Company, is a major shareholder in Sovereign Hill Sdn. Bhd., Sunplus Resources Sdn. Bhd., Borneo Tunas Sdn. Bhd. and SPSB.

Teck Sing Lik Enterprise Sdn. Bhd., a major shareholder in the Company, is a major shareholder in Sovereign Hill Sdn. Bhd., Baram Lumber Development Sdn. Bhd. and SPSB.

Apart from the above material contracts, there were no other material contracts entered into by the Company and its subsidiaries which involve Director's and major shareholders' interests since the previous financial year ended 31 January, 2001. The material contact pertaining to the acquisition of the entire equity interest of SPSB is pending shareholders' approval, to be obtained at an Extraordinary General Meeting, to be convened at a date to be notified later.

Revaluation of Landed Properties

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

List of Properties

Location	Tenure	Existing Use	Land Area (Hectares)	Approximate Age of Building	Net Book Value as at 31/01/02 RM	Date of Acquisition
Subur Tiasa Plywood Sdn Bhd Lot 96, Block 16, Seduan Land District Lot 97, Block 16, Seduan Land District Lot 270, Block 16, Seduan Land District Lot 272, Block 16, Seduan Land District Lot 1494, Block 16, Seduan Land District Lot 1495, Block 16, Seduan Land District Lot 101, Block 16, Seduan Land District Lot 103, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2031	vacant	2.315	-	495,979	04.09.1998
	Leasehold land expiring on 31 Dec, 2026	vacant	1.5621	-	444,665	09.10.1996
	Leasehold land expiring on 31 Dec, 2026	vacant	2.035	-	620,109	08.01.1995
	Leasehold land expiring on 31 Dec, 2026	vacant	2.286	-	727,972	28.01.1995
	Leasehold land expiring on 31 Dec, 2029	vacant	0.1921	-	79,778	25.08.1997
	Leasehold land expiring on 25 Sep, 2057	factory, office, welfare building	24.054	13 years	27,630,691	31.03.1989
	Leasehold land expiring on 31 Dec, 2029	vacant	2.185	-	743,163	31.07.2000
	Leasehold land expiring on 31 Dec, 2029	vacant	1.4043	-	477,696	31.07.2000
R H Timber Processing Industries Sdn Bhd Lot 250, Block 10, Sibul Town District (9, Jalan Poh Yew, 96000 Sibul)	Leasehold land expiring on 10 Jun, 2050	Residential Use	0.1104	11 years	1	01.07.1992
	Leasehold land expiring on 07 Apr., 2052	Residential Use	0.0312	9 years	105,916	13.07.1993
	Leasehold land expiring on 02 May, 2053	factory, office, welfare building	-	10 years	705,743	01.07.1992
Subur Tiasa Particleboard Sdn Bhd Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25 Sep, 2057	factory, office, welfare building	-	8 years	21,061,120	30.12.1994
	Leasehold land expiring on 02 May, 2053	factory, office, welfare building	-	9 years	3,083,941	31.12.1993
Trimogreen Sdn Bhd Lot 113, Block 3, Sare Land District	Leasehold land expiring on 22 Sep, 2052	factory, office, building	-	7 years	497,023	09.01.1995
Homert Raya Sdn Bhd Lot 520, Block 10, Sibul Town District	Leasehold land expiring on 30 Sep, 2054	office building	0.2123	0.5 year	12,336,606	01.06.2001

Analysis of Shareholdings as at 1 April, 2002

Authorised Share Capital : RM1,000,000,000.00
 Paid-up Share Capital : RM 200,000,000.00
 Class of Share : Ordinary Share of RM1.00 each
 Voting Right : 1 vote per Ordinary Share

<i>Holdings</i>	<i>No. of Holders</i>	<i>Total Holdings</i>	<i>%</i>
less than 1,000	9	1,541	0.00
1,000 to 10,000	8,358	18,953,828	9.48
10,001 to 100,000	444	11,729,426	5.87
100,001 to less than 5% of issued shares	61	48,908,426	24.45
5% and above of issued shares	6	120,406,779	60.20
Total	8,878	200,000,000	100.00

List of Thirty Largest Shareholders as at 1 April, 2002

		No. of ordinary shares of RM1.00 each	Percentage (%)
1.	Tiong Toh Siong Holdings Sdn. Bhd.	61,682,405	30.84
2.	Twintop Sdn. Bhd.	15,331,424	7.67
3.	Bahagia Abadi Timber Industries Sdn. Bhd.	13,130,983	6.57
4.	Raya Abadi Sdn. Bhd.	10,130,984	5.07
5.	Kinta Hijau Sdn. Bhd.	10,130,983	5.07
6.	Mayban Nominees (Tempatan) Sdn. Bhd. -DBS Bank for Twintop Sdn. Bhd.	10,000,000	5.00
7.	HSBC Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Kinta Hijau Sdn. Bhd.	6,000,000	3.00
8.	HSBC Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Raya Abadi Sdn. Bhd.	6,000,000	3.00
9.	Permodalan Nasional Berhad	4,945,200	2.47
10.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. -UBS AG Singapore for Pacific Investment Fund	3,499,000	1.75
11.	Tiong Toh Siong & Sons Sdn. Bhd.	3,340,012	1.67
12.	HSBC Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Bahagia Abadi Timber Industries Sdn. Bhd.	3,000,000	1.50
13.	Teck Sing Lik Enterprise Sdn. Bhd.	1,589,716	0.79
14.	HSBC Nominees (Tempatan) Sdn. Bhd. -HSBC SG for Tiong Ik King	1,400,000	0.70
15.	AMSEC Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Tiong Kiong King	1,109,289	0.55
16.	Kenanga Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Tiong Thai King	1,082,067	0.54
17.	Tiong Ik King	1,080,000	0.54
18.	Diong Hiew King @ Tiong Hiew King	900,584	0.45
19.	HSBC Nominees (Asing) Sdn. Bhd. -JPMorgan Chase Bank for Roxton Investments Limited	890,440	0.44
20.	Tiong Chiong Ong	847,058	0.42
21.	Public Nominees (Tempatan) Sdn. Bhd. -Law Cheng King	718,749	0.36
22.	Priharta Development Sdn. Bhd.	620,310	0.31
23.	HSBC Nominees (Tempatan) Sdn. Bhd. -HSBC (Malaysia) Trustee Berhad for Arab-Malaysian Cumulative Growth Fund	603,000	0.30
24.	Lembaga Tabung Angkatan Tentera	532,560	0.27
25.	Lembaga Tabung Haji	532,560	0.27
26.	HSBC Nominees (Tempatan) Sdn. Bhd. -HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	532,560	0.27
27.	Mayban Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Koperasi Polis Diraja Malaysia Bhd	532,560	0.27
28.	Mayban Nominees (Asing) Sdn. Bhd. -DBS Bank for Bloomswick Ltd.	506,000	0.25
29.	Kenanga Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Lau Pek Kii	491,000	0.24
30.	OSK Nominees (Tempatan) Sdn. Berhad -OSK Capital Sdn Bhd for Koperasi Pegawai-Pegawai Melayu Malaysia Berhad	450,000	0.22
		161,609,444	80.80

List of Substantial Shareholders as at 1 April, 2002

	Name	No of Shares		
		Direct Interest (registered in own name)	Direct Interest (held Through Nominees)	Deemed Interest
1.	Tiong Toh Siong Holdings Sdn. Bhd.	61,682,405 (30.84%)	-	28,671,436 ^{*1} (14.34%)
2.	Twintop Sdn. Bhd.	15,331,424 (7.67%)	10,000,000 (5.00%)	-
3.	Bahagia Abadi Timber Industries Sdn. Bhd.	13,130,983 (6.57%)	3,000,000 (1.50%)	-
4.	Raya Abadi Sdn. Bhd.	10,130,984 (5.07%)	6,000,000 (3.00%)	-
5.	Kinta Hijau Sdn. Bhd.	10,130,983 (5.07%)	6,000,000 (3.00%)	-
6.	Teck Sing Lik Enterprise Sdn. Bhd.	1,589,716 (0.79%)	-	90,353,841 ^{*2} (45.18%)
7.	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King	1,056,305 (0.53%)	-	91,943,557 ^{*3} (45.97%)
8.	Datuk Kenneth Kanyan Anak Temenggong Koh	-	300,000 (0.15%)	16,130,983 ^{*4} (8.07%)

^{*1} Deemed interested by virtue of substantial shareholding in Twintop Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

^{*2} Deemed interested by virtue of substantial interest in Tiong Toh Siong Holdings Sdn. Bhd., Twintop Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

^{*3} Deemed interested by virtue of substantial shareholding in Twintop Sdn. Bhd., Tiong Toh Siong Holdings Sdn. Bhd., Tiong Toh Siong & Sons Sdn. Bhd. and Teck Sing Lik Enterprise Sdn. Bhd.

^{*4} Deemed interested by virtue of his substantial shareholding in Kinta Hijau Sdn. Bhd.

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Form of Proxy

I/We _____ (Name in full) _____ (IC No.) of _____ (Address) being a member/members of the abovenamed Company hereby appoint _____ (Name in full) of _____ (Address) or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibul, Sarawak on Friday, 31 May 2002 at 11.00 am and any adjournment thereof.

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

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

No.	Resolution	For	Against
1.	Adoption of Accounts and Reports for the financial year ended 31 January 2002.		
2.	Approval of the payment of Directors' fees.		
3.	Re-election of YBhg. Senator Datuk William Lau Kung Hui as Director.		
4.	Re-election of Madam Tiong Ing as Director.		
5.	Re-election of Mr. Ngu Woo Hieng as Director.		
6.	Re-appointment of YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as Director in accordance with Section 129 (2) of the Companies Act, 1965.		
7.	Re-appointment of Messrs. PricewaterhouseCoopers as Auditors.		
8.	Special Business : Special Resolution - Amendment of Article 127(i) of the Company's Articles of Association.		
9.	Ordinary Resolution - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Shareholding Represented by Proxy

Dated this _____ day of _____ 2002

Signature of shareholder(s)/common seal

Notes :-

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

The Secretary
Subur Tiasa Holdings Berhad

No 66 - 78, Pusat Suria Permata
Jalan Upper Lanang, C.D.T. No 123
96000 Sibu, Sarawak
Malaysia

