



SUBUR TIASA HOLDINGS BERHAD 341792-W

No. 66-78, Pusat Suria Permata

Jalan Upper Lanang

C.D.T. No. 123

96000 Sibu

Sarawak

Malaysia

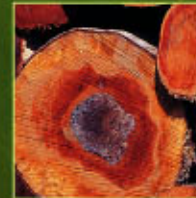
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SUBUR TIASA
HOLDINGS BERHAD
341792-W





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NOTICE IS HEREBY GIVEN THAT THE NINTH 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 SIBU, SARAWAK ON WEDNESDAY, 22 DECEMBER 2004 AT 11:00 AM FOR THE FOLLOWING PURPOSES:-

AGENDA

1. To receive the Audited Financial Statements for the financial period ended 31 July 2004 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the increase of directors' fees amounting to RM26,600 bringing the total directors' fees for the financial period ended 31 July 2004 to RM116,000. **Resolution 2**

3. To re-elect the following directors who retire in accordance with Article 86 of the Company's Articles of Association and being eligible, offer themselves for re-election :-

(i) YBhg. Senator Datuk William Lau Kung Hui **Resolution 3**

(ii) Madam Tiong Ing **Resolution 4**

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 of the Companies Act, 1965 be and is hereby re-appointed as a director of the Company to hold office until the next annual general meeting." **Resolution 5**

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

Notice of nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure 1" has been received by the Company for the nomination of Messrs. Ernst & Young who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:-

*" **THAT**, Messrs. Ernst & Young be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs. PricewaterhouseCoopers and to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the Directors."*

6. As Special Businesses

To consider and, if thought fit, pass the following resolutions as Special and Ordinary Resolutions :-

Special Resolution No. 1

- Proposed amendment to the Company's Memorandum of Association **Resolution 7**

"**THAT**, the words "the Kuala Lumpur Stock Exchange" in lines 2 and 6 of the existing Clause 3.58 of the Company's Memorandum of Association be deleted and replaced with the words "Bursa Malaysia Securities Berhad" and the new Clause 3.58 shall read as follows :-

To acquire by purchase in good faith and in the best interest of the Company, the Company's own shares through Bursa Malaysia Securities Berhad on which the shares of the Company are quoted and will not become insolvent by incurring the debts involved in the obligation to pay for the shares so purchased and to deal in such shares in accordance with the provisions of the Companies Act, 1965 and any rules, regulations and guidelines thereunder issued by Bursa Malaysia Securities Berhad and any other relevant authorities thereof."

Special Resolution No. 2

• Proposed amendment to the Company's Articles of Association

- (i) "THAT, the following existing interpretation in Article 2 of the Company's Articles of Association be deleted in its entirety and replaced with the following new interpretation :-

EXISTING INTERPRETATION	NEW INTERPRETATION
"Central Depository" means Malaysian Central Depository Sdn. Bhd.	"Depository" means Bursa Malaysia Depository Sdn. Bhd. (formerly known as Malaysian Central Depository Sdn. Bhd.) (<i>Company No. 165570-W</i>).
"Exchange" means Kuala Lumpur Stock Exchange and includes, if appropriate, any stock exchange to the official list whereof the Company is admitted and on which the shares of the Company are quoted.	"Bursa Securities" means Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) and includes, if appropriate, any stock exchange to the official list whereof the Company is admitted and on which the shares of the Company are quoted.

AND THAT, all references to "Central Depository" and "Exchange" throughout the Company's whole Articles of Association be changed to "Depository" and "Bursa Securities" respectively."

- (ii) "THAT, the existing Article 86 of the Company's Articles of Association be deleted in its entirety as follows :-

- (a) At the first annual general meeting of the Company all the Directors shall retire from office and at the annual general meeting in every subsequent year one-third of the Directors for the time being or the number nearest to one-third shall retire from office.
- (b) The Directors to retire at such annual general meeting (other than the first) shall be the Directors who shall have been longest in office. As between two or more who have been in office an equal length of time the Director to retire shall in default of agreement between them, be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment when he has previously vacated office.
- (c) Notwithstanding the above, all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires. An election of Directors shall take place each year.

And to substitute in lieu hereof with the following new Article 86 :-

- (a) At the first annual general meeting of the Company all the Directors shall retire from office and at the annual general meeting in every subsequent year, one-third of the directors, except the managing director but subject to Article 86(c) below, or if the number is not three or a multiple of three, then the number nearest one-third, shall retire from office. A retiring Director shall retain office until the close of the meeting at which he retires.

- (b) The Directors to retire at such annual general meeting (other than the first) shall be the Directors who shall have been longest in office since their last election or appointment. As between two or more directors who have been in office an equal length of time, the Director(s) to retire shall, in default of agreement between them, be determined by lot.
- (c) Notwithstanding the above, all Directors (including the managing director) shall retire from office once at least in each three (3) years, but shall be eligible for re-election. An election of Directors shall take place each year."
- (iii) "THAT, the existing Article 154(7) of the Company's Articles of Association be deleted in its entirety as follows :-

For the purpose of this article, unless the context otherwise required, "Listing Requirements" means the Listing Requirements of Kuala Lumpur Stock Exchange including any amendment to the Listing Requirements that may be made from time to time.

And to substitute in lieu hereof with the following new Article 154(7) :-

For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means Bursa Malaysia Securities Listing Requirements including any amendment to the Listing Requirements that may be made from time to time."

Ordinary Resolution No. 1

Resolution 9

- **Proposed shareholders' ratification on existing recurrent related party transactions of a revenue or trading nature for the period from 31 July 2004 to the date of the forthcoming annual general meeting**
- **Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

(Collectively known as "the Proposals")

"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 outlined in Point 3(b) (pages 3 to 10) of the Circular dated 30 November 2004, with the specific related parties mentioned therein which are necessary for the Subur Tiasa Holdings Berhad ("STHB") Group's day-to-day operations subject further to the following :-

- (a) 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
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposals during the financial period;

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

- (a) the conclusion of the next annual general meeting ("AGM") of the Company; or
- (b) the expiration of the period within which the next AGM of STHB subsequent to the date it is required to be held pursuant to Section 143(1) of the 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

(c) 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 or to be entered into by the Company and its subsidiaries for the period from 31 July 2004 to the date of the forthcoming AGM as outlined in Point 3(b) (pages 3 to 10) of the Circular dated 30 November 2004 be and are hereby approved and ratified **AND THAT** the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposals."

Ordinary Resolution No. 2

Resolution 10

- **Proposed ratification on purchase of own shares by the Company for the period from 31 July 2004 to the date of the forthcoming annual general meeting**
- **Proposed renewal of authority for purchase of own shares by the Company**

"**THAT**, subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Bursa Malaysia Securities Berhad Listing Requirements and any other relevant authority, the Directors of the Company be and are hereby authorised to purchase and hold on the market of Bursa Malaysia Securities Berhad ("Bursa Securities") such number of ordinary shares of RM1.00 each ("Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of Shares purchased and/or held or to be purchased and/or held pursuant to this resolution shall not exceed 20,000,000 Shares representing approximately ten percent (10%) of the total issued and paid-up share capital of 200,000,000 ordinary shares of RM1.00 each of the Company as at 1 November 2004 and the maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the total of the Company's share premium reserve account which stood at RM59,679,744 based on the latest audited financial statements as at 31 July 2004 **AND THAT**, such Shares purchased are to be retained as treasury shares and distributed as dividends and/or resold on the market of Bursa Securities, or subsequently may be cancelled **AND THAT** the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required by any relevant authority or authorities **AND FURTHER THAT** the authority hereby given shall commence immediately upon passing of this ordinary resolution and shall continue in force until :-

(a) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of STHB after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the Shareholders in general meeting;

whichever occurs first, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities.

AND THAT for the avoidance of doubt, all Shares purchased by the Company for the period from 31 July 2004 to the date of the forthcoming AGM be and are hereby approved and ratified."

Ordinary Resolution No. 3

Resolution 11

• **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

"**THAT**, pursuant to Section 132D of the Companies Act, 1965 and subject always to the Articles of Association of the Company and approvals of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being **AND THAT** the Directors be and are hereby empowered to obtain approval for the listing and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

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

YEO ENG SIANG (MIA 5905)
VOON JAN MOI (MAICSA 7021367)
Joint Company Secretaries

Dated: 30 November 2004
Sibu, Sarawak

EXPLANATORY NOTES ON SPECIAL BUSINESSES

- (a) *Special Resolutions on proposed amendments to the Company's Memorandum and Articles of Association*

The proposed Resolutions No. 7 and 8 are to be in line with the demutualisation of Kuala Lumpur Stock Exchange and in compliance with Bursa Malaysia Securities Listing Requirements.

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

Paragraph 10.09 of Bursa Malaysia Securities Listing Requirements states 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, the public listed company may seek a Shareholders' Mandate.

The proposed Resolution No. 9 if passed, will ratify the recurrent related party transactions entered or to be entered into by the Company and each of its subsidiaries for the period from 31 July 2004 to the date of the forthcoming AGM and will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties as identified in Point 3(b) (pages 3 to 10) of the Circular to Shareholders dated 30 November 2004, which are necessary for the STHB Group's day-to-day operations, provided that such 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.

(c) Ordinary Resolution on Proposed Ratification on purchase of own shares by the Company for the period from 31 July 2004 to the date of the forthcoming AGM and Proposed Renewal of Authority for purchase of own shares by the Company

The proposed Resolution No. 10, if passed, will ratify the shares purchased for the period from 31 July 2004 to the date of the forthcoming AGM and renew the authority for the Company to purchase up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Malaysia Securities Berhad.

The authority to purchase share will expire at the conclusion of the next AGM, unless earlier revoked or varied by ordinary resolution passed by shareholders at general meeting.

(d) Ordinary Resolution on Authority to allot shares pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution No. 11 in relation to authority to issue shares pursuant to Section 132D of the Companies Act, 1965, if passed, will empower the Directors to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interests of the Company. This authority unless revoked or varied at a general meeting will expire at the next AGM.

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 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Notice of Annual General Meeting (con'd)

Annexure 1

Ding Kuong Kwang
4 B, Lorong Sena 5
96000 Sibul

5 November 2004

The Board of Directors
Subur Tiasa Holdings Berhad
No. 66-78, Pusat Suria Permata, Jalan Upper Lanang
C.D.T. 123,
96000 Sibul
Sarawak

Dear Sirs

CHANGE OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, Ding Kuong Kwang (IC No.: 570203-13-5875), being a shareholder of the Company, hereby give notice of my intention to nominate Messrs Ernst & Young for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs PricewaterhouseCoopers:-

"THAT Messrs Ernst & Young be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs PricewaterhouseCoopers and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully



DING KUONG KWANG

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

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

YBhg. Senator Datuk William Lau Kung Hui
 Madam Tiong Ing
 YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai

2. Details of attendance of Directors at Board Meetings

There were six (6) Board of Directors' Meetings held from the financial period from 1 February 2003 to 31 July 2004. Attendance of the Directors holding office at the end of the financial period is shown below :-

NAME OF DIRECTORS	NO. OF ATTENDANCE (%)
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	6 (100%)
YBhg. Senator Datuk William Lau Kung Hui	6 (100%)
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	5 (83%)
Mr. Tiong Kiong King	4 (67%)
Madam Tiong Ing	6 (100%)
Mr. Ngu Woo Hieng	6 (100%)

3. Place, date and time of the forthcoming Annual General Meeting

The Ninth Annual General Meeting shall 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 Wednesday, 22 December 2004 at 11.00 am.

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

Further details pertaining to Directors standing for re-election or re-appointment are outlined on pages 12 to 14 of the Annual Report 2004.



BOARD OF DIRECTORS



YABhg Datuk Patinggi Tan
Sri Dr Wong Soon Kai

CHAIRMAN,
INDEPENDENT DIRECTOR



Mr Tiong Kiong King

VICE CHAIRMAN,
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

AUDIT COMMITTEE

YABhg Datuk Patinggi Tan Sri Dr Wong Soon Kai
CHAIRMAN, INDEPENDENT DIRECTOR

YBhg Senator Datuk William Lau Kung Hui
MEMBER, INDEPENDENT DIRECTOR

Mr Ngu Woo Hieng
MEMBER, INDEPENDENT DIRECTOR

Madam Tiong Ing
MEMBER, MANAGING DIRECTOR



Madam Tiong Ing

MANAGING DIRECTOR



YBhg Senator Datuk
William Lau Kung Hui

INDEPENDENT DIRECTOR



Mr Ngu Woo Hieng

INDEPENDENT DIRECTOR



YBhg Temenggong Datuk Kenneth
Kanyan Anak Temenggong Koh

**NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR**

COMPANY SECRETARIES

Yeo Eng Siang (MIA 5905)
Voon Jan Moi (MAICSA 7021367)

REGISTERED OFFICE

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

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
(Formerly known as
Malaysian Share Registration Services Sdn. Bhd.)
Level 26, Menara Multi-Purpose
Capital Square
No.8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2530 / 03-2721 2531

PRINCIPAL BANKERS

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

AUDITORS

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

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad



YABHG. DATUK PATINGGI TAN SRI DR. WONG SOON KAI

A Malaysian, aged 77, is an Independent Director and the Chairman of the Board, Audit Committee, Nomination Committee and Remuneration Committee. He was appointed to the Board of Subur Tiasa Holdings Berhad 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. Currently, he sits on the Board of a public-listed company, Sin Chew Media Corporation Berhad.

YABhg. Datuk Patinggi Tan Sri Dr. Wong attended all of the 6 Board Meetings held during the financial period from 1 February 2003 to 31 July 2004. He has a direct shareholdings of 10,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 28 October 2004.

YABhg. Datuk Patinggi Tan Sri Dr. Wong has no family relationship with any of the Directors or substantial shareholders of the Company and he has no conflict of interest with the Company.

TIONG KIONG KING

A Malaysian, aged 57, is a Non-Independent Non-Executive Director and Vice Chairman of the Board. He was appointed to the Board of Subur Tiasa Holdings Berhad on 21 June 1997. He is also a member of the Nomination and Remuneration Committees formed by the Board of Subur Tiasa Holdings Berhad on 28 January 2002. He has more than 25 years of managerial experience in the timber industry in various capacities.

Mr. Tiong attended 4 out of 6 Board Meetings held during the financial period from 1 February 2003 to 31 July 2004. He has a direct shareholdings of 1,227,904 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 28 October 2004.

Mr. Tiong is a brother of Tan Sri Datuk Dieng Hiew King @ Tiong Hiew King, a substantial shareholder of the Company and uncle to Madam Tiong Ing who is the Managing Director 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 30 of the Notes to the Financial Statements.



TIONG ING

A Malaysian, aged 47, is currently the Managing Director of the Company. She was appointed to the Board of Subur Tiasa Holdings Berhad 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.

Madam Tiong attended all the 6 Board Meetings held during the financial period from 1 February 2003 to 31 July 2004. She has a direct shareholdings of 739,156 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad and indirect shareholdings of 70,000 ordinary shares of RM1.00 each by virtue of her substantial shareholdings in Unique Wood Sdn. Bhd. as at 28 October 2004.

Madam Tiong is a daughter of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, a substantial shareholder of the Company and a niece to Mr. Tiong Kiong King who is also the Director 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 30 of the Notes to the Financial Statements.

YBHG. SENATOR DATUK WILLIAM LAU KUNG HUI

A Malaysian, aged 54, is an Independent Director and a member of the Audit Committee, Nomination and Remuneration Committees of the Company. He was appointed to the Board of Subur Tiasa Holdings Berhad on 21 June 1997. He graduated with a Bachelor and Master of Laws Degrees from the University of London, United Kingdom, and a Barrister-at-Law from the Honourable Society of Lincoln's Inn, London. He has been a senior partner of a legal firm for over 25 years. He also currently sits on the Board of a public-listed company, Ekran Berhad.

YBhg. Senator Datuk William Lau attended all the 6 Board Meetings held during the financial period from 1 February 2003 to 31 July 2004. He has a direct shareholdings of 10,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 28 October 2004.

YBhg. Senator Datuk William Lau has no family relationship with any of the Directors or substantial shareholders of the Company and he has no conflict of interest with the Company.

YBHG. TEMENGGONG DATUK KENNETH KANYAN ANAK TEMENGGONG KOH

A Malaysian, aged 62, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board of Subur Tiasa Holdings Berhad 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 Council Negeri Sarawak from 1970 to 1974. From 1974 to 1981, he was the Political Secretary to the YAB Deputy Prime Minister and YAB Prime Minister of Malaysia. He also served as a Senator from 1981 to 1987. Currently, he is the Temenggong for Kapit Division, Sarawak. He also sits on the Board of a public-listed company, Sin Chew Media Corporation Berhad.

YBhg. Temenggong Datuk Kenneth Kanyan attended 5 out of 6 Board Meetings held during the financial period from 1 February 2003 to 31 July 2004. He has a direct shareholdings of 300,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 28 October 2004.

YBhg. Temenggong Datuk Kenneth Kanyan has no family relationship with any of the Directors or substantial shareholders of the Company and he has no conflict of interest with the Company.

NGU WOO HIENG

A Malaysian, aged 51, is an Independent Director and a member of the Audit Committee, Nomination and Remuneration Committees. He was appointed to the Board of Subur Tiasa Holdings Berhad 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, Fellow Member of the Malaysian Institute of Taxation and Fellow Member of the CPAs Australia. Currently, he is also a partner/chairman of an audit firm in Sarawak.

Mr. Ngu attended all the 6 Board Meetings held during the financial period from 1 February 2003 to 31 July 2004. He has a direct shareholdings of 20,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 28 October 2004.

Mr. Ngu 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.

Note :

All the Directors of Subur Tiasa Holdings Berhad have no convictions for any offences within the past 10 years.



SUBUR TIASA HOLDINGS BERHAD

Subur Tiasa Plywood Sdn Bhd
(167681-D)

100%

Subur Tiasa Particleboard Sdn Bhd
(198523-K)

100%

Sarawak Plywood (M) Sdn Bhd
(012934-U)

100%

Trimogreen Sdn Bhd
(190362-D)

100%

R H Timber Processing Industries Sdn Bhd
(48217-K)

100%

Subur Tiasa Forestry Sdn Bhd
(323421-T)

100%

Homet Raya Sdn Bhd
(189955-D)

100%

T.O. Oriental Sdn Bhd
(257848-D)

100%

Palmlyn Sdn Bhd
(614569-U)

100%

MEMBERS AND MEETINGS

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

During the financial period ended 31 July 2004, the Committee has held six meetings.

NAME	STATUS OF DIRECTORSHIP	NO. OF MEETING APPLICABLE	ATTENDANCE OF MEETINGS
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	Chairman Independent Director	6	6
YBhg. Senator Datuk William Lau Kung Hui	Independent Director	6	6
Madam Tiong Ing	Managing Director	6	6
Mr. Ngu Woo Hieng	Independent Director	6	6

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 the Board of Directors' Resolution in writing dated 21 June 1997.
- 1.2 The functions and authority of the AC extend to STHB and all its subsidiaries, where management's 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 meetings, 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 from among their members based on the recommendations of the Board Nomination Committee and shall consist of not less than three members, a majority of whom shall be independent. 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 AC.

3. Membership (con'd)

- 3.3 At least one member of the Committee must meet the criteria set by Paragraph 15.10 (1c) of the Bursa Malaysia Securities Berhad Listing Requirements, 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.
- 3.4 Paragraph 15.21 of the Bursa Malaysia Securities Berhad Listing Requirements requires the term of office and performance of the AC and each of its members to be reviewed by the Board of Directors at least once every 3 years.
- 3.5 Chairman of the AC shall be elected from among their independent directors as according to Paragraph 15.11 of the Bursa Malaysia Securities Berhad Listing Requirements.

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 and subsidiaries 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 Group prior to 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 Bursa Malaysia Securities Berhad Listing Requirements and other legal requirements
- 5.2 Review with the Group's Management Committee and external legal expertise, any legal matter that could have a significant impact on the organisation's financial statements.

5. Functions & Duties (con'd)

Internal Control

5.3 Review and report the same to the Board with the external auditors:

- (a) evaluate the internal control system in place for assessing and continuously improving the system.
- (b) response of management towards the audit reports and recommendations made. Ensuring appropriate actions are or will be taken in to resolve and improve the system of internal control.
- (c) the audit plan.

5.4 Review the assistance provided to the external auditors by the employees of the Group.

5.5 Review any resignation letter from the external auditors of the Group.

5.6 Recommend the nomination of a person or persons as external auditors.

Internal Audit (Corporate and Subsidiaries STHB)

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.

5.8 Approve the charters of Internal Audit Functions in the Group and review its adequacy of the scope, functions and that it has the necessary authority and resources to carry out its work.

5.9 Approve the appointment of the Head of Internal Audit.

5.10 Review appraisals or assessments of members of the internal audit functions.

5.11 Direct any special investigations to be carried out by Internal Audit.

Compliance

5.12 Review related party transaction and conflict of interest situation entered into by the Group to ensure the integrity of the management.

6. Meetings

6.1 The Audit Committee shall hold at least four meetings during a financial year.

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 Meetings shall be attended by members of the Committee and the Company Secretary.

6.4 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.

6.5 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. Meetings (con'd)

- 6.6 At least once a year, the Committee shall meet with the external auditors.
- 6.7 Majority members of independent directors must be present in meeting in order to form a quorum for an AC meeting.

CURRENT PERIOD SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

In line with the term of reference of the Committee, the following activities were carried out by the Committee during the financial period ended 31 July 2004 in discharge of its functions and duties:

- (a) Review of the audit plans for the year for the Group;
- (b) Review of the audit reports of the Group, consideration of the major findings by the auditors and management's responses thereto;
- (c) Review of the quarterly and annual reports of the Group prior to submission to the Board of Directors for consideration and approval;
- (d) Review the annual revenue and budgets;
- (e) Review of the related party transactions entered into by the Group;
- (f) Review of pertinent issues and matters that had a significant impact on the results of the Group; and
- (g) Meet with the external auditors to review their findings and recommendations.

INTERNAL AUDIT FUNCTION

The Internal Audit Department plays an essential role in assisting the AC in executing its duties and functions. It undertakes regular and systematic reviews of the system of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group.

Annual audit plans reviewed and approved by the AC will be the embarking point of Internal Audit Department to carry out its internal audit function. Along the way, Internal Audit Department also performed ad-hoc audits whenever relevant or required. The followings are summary of activities being carried out by the Department during the period:

- (a) Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls, thus promoting effective and improved control in the Group at reasonable cost;
- (b) Ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- (c) Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses of all kinds;
- (d) Concluding the dependability and integrity of information generated for management reporting purposes;
- (e) Identifying opportunities to improve the operations of and processes in the Group;
- (f) Participating in physical inventories count of finished goods, raw materials and spare parts; and
- (g) Evaluating the related party transactions entered into by the Group for arm's length analysis.

This Audit Committee Report is made in accordance with a resolution of the Board of Directors dated 8 November 2004.

The Board of Subur Tiasa Holdings Berhad fully subscribes and supports the Malaysian Code on Corporate Governance ("Code") and the relevant provisions in the Bursa Malaysia Securities Berhad 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 6 members of the Board are considered independent in accordance with the definition provided in the Bursa Malaysia Securities Berhad Listing Requirements.

For the financial period ended 31 July 2004, 6 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	6 out of 6
2	Mr Tiong Kiong King	4 out of 6
3	Madam Tiong Ing	6 out of 6
4	YBhg. Senator Datuk William Lau Kung Hui	6 out of 6
5	YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	5 out of 6
6	Mr Ngu Woo Hieng	6 out of 6

Where appropriate, matters have been delegated to Board Committees, all of which have written constitutions and terms of references. Board Audit Committee, Remuneration Committee and Nomination Committee have been set up and delegated with specific responsibilities to assist the Board in discharging some of its function.

Board Balance

The Board currently has 6 members, comprising 3 independent non-executive directors (including the Chairman), 2 non-executive directors 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 pages 12 to 14.

Board Balance (con'd)

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. There is also balance in the Board because of the presence of independent non-executive Directors of calibre necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, the role of independent Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, taking into account the long term interest, not only of the shareholders, but also of employees, customers, suppliers and the communities in which the group conducts its business.

We have appointed YABhg Datuk Patinggi Tan Sri Dr. Wong Soon Kai as our senior independent director on 24 June 2002.

Supply of information

Management has a positive responsibility to provide the whole Board with all the information of which it is awared 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 necessary.

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

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.

Board Nomination Committee

Chairman :	YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	Independent Director
Members :	YBhg. Senator Datuk William Lau Kung Hui	Independent Director
	Mr Tiong Kiong King	Non-Independent Non-Executive Director
	Mr Ngu Woo Hieng	Independent 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, in particular, its required mix of skills and experience, Board Committees and the contributions of each individual director; and
- Reviewing the Chairman's and Executive Director's objectives and goals and the assessment of performance of these persons.

The committee shall consist of not less than 3 members, the majority of whom shall be non-executive.

The Nomination Committee meets at least once a year.

Directors' Training

As an integral element of the process for appointing new directors, the Board Nomination Committee, provides for adequate 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, regulations and changing commercial risks.

Board Remuneration Committee

Chairman:	YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	Independent Director
Members:	YBhg. Senator Datuk William Lau Kung Hui	Independent Director
	Mr Tiong Kiong King	Non-Independent Non-Executive Director
	Mr Ngu Woo Hieng	Independent 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 calibre, experience and quality needed to run the Group successfully. In formulating the remuneration package, the Remuneration Committee takes into account the responsibility and job functions, remuneration packages of comparable companies in the same industry as well as individual and corporate performance.

The Remuneration Committee meets at least once a year.

Risk Management Committee

During the financial period, the Board of Directors approved the setting up of a Risk Management Committee, which is led by the Managing Director, Madam Tiong Ing. Currently, the team members consist of heads of the respective business units.

The Risk Management Committee is responsible for establishing an integrated risk management framework, reviewing overall risk management policies and procedures, monitoring significant risks and evaluating emerging new risks.

Details of the risk management activities can be found in the Statement on Internal Control on pages 26 and 27.

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 least 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

Details of the remuneration of the Directors for the financial period ended 31 July 2004 distinguishing between executive and non-executive directors in aggregate with categorization into appropriate components and the number of directors whose remuneration falls into each successive bands of RM50,000 are set out as below :-

Aggregation	Non- Executive Director RM	Executive Director RM
Salary (including EPF)	-	643,000
Fees	74,400	15,000
Bonus	-	225,000
Other remuneration		
- Allowance	360,000	-
- Travelling Allowance	-	37,500
- Passage	-	37,500

DIRECTORS' REMUNERATION (con'd)

Remuneration	Non- Executive Director	Executive Director
Less than 50,000	4	-
350,001-400,000	1	-
950,001-1,000,000	-	1

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 our 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 and its Board members 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. Information on Internal Control is detailed in the Statement on Internal Control on pages 26 to 27.

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 at least once a year.

A report of the Board Audit Committee is provided on pages 16 to 19.

This Corporate Governance Statement is made in accordance with a resolution of the Board of Directors dated 8 November 2004.

The following information is presented in compliance with the Bursa Malaysia Securities Berhad Listing Requirements:

SHARE BUY-BACKS

At the Annual General Meeting held on 30 July 2003, the Directors obtained the approval of its shareholders for the Company to purchase and/or hold up to 20,000,000 ordinary shares of RM1.00 each representing ten percent of the total issued and paid-up ordinary share capital of the Company.

During the period, a total of 12,198,800 of the Company's own shares were purchased pursuant to the share buy-back mandate. All the shares purchased are retained as treasury shares. None of the shares purchased has been resold or cancelled. A monthly breakdown of the shares bought back is set out below :-

MONTH	NO. OF SHARES	PRICE (RM)		AVERAGE COST (RM)	TOTAL COST (RM)
		HIGHEST	LOWEST		
February 2003	-	-	-	-	-
March 2003	-	-	-	-	-
April 2003	-	-	-	-	-
May 2003	-	-	-	-	-
June 2003	515,300	1.85	1.50	1.79	923,844
July 2003	1,559,300	1.85	1.78	1.85	2,887,385
August 2003	35,500	1.82	1.81	1.83	64,959
September 2003	81,000	1.82	1.81	1.83	148,186
October 2003	-	-	-	-	-
November 2003	91,000	1.90	1.85	1.89	171,920
December 2003	212,300	1.89	1.83	1.88	398,239
January 2004	420,700	2.00	1.88	1.95	821,06
February 2004	110,000	2.02	1.96	2.00	219,564
March 2004	3,412,100	3.08	2.52	2.85	9,737,444
April 2004	1,620,200	3.00	2.80	2.90	4,701,334
May 2004	1,045,500	2.90	2.50	2.85	2,983,662
June 2004	2,630,800	2.84	2.60	2.81	7,397,383
July 2004	465,100	2.85	2.80	2.90	1,323,726
	12,198,800				31,778,706

NON-AUDIT FEE

The non-audit fees paid by the Company and its subsidiaries to the external auditors for the financial period ended 31 July 2004 amounted to RM4,910.

PROFIT GUARANTEE

During the financial period, there was no profit guarantee given by the Company and its subsidiaries.

MATERIAL CONTRACTS

There was no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiary companies involving directors and major shareholders, either subsisting at the end of the financial period ended 31 July 2004 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

At the Company's Annual General Meeting held on 30 July 2003, the shareholders approved the mandate for the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature ("RRPT"), which are necessary for its day-to-day operations and in the ordinary course of its business.

Aggregate value and type of significant related party transactions are indicated in Note 30 of the Financial Statements outlined in pages 74 to 80 of this Annual Report. At the forthcoming Annual General Meeting to be held on 22 December 2004, the Company will propose shareholders' ratification on RRPT entered for the period from 31 July 2004 to the date of the forthcoming AGM and shareholders' mandate in respect of existing and new RRPT.

REVALUATION OF LANDED PROPERTIES

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

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	Tiong Ing (f)	739,156	70,000 *3	809,156	0.43
4	YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	300,000 *1	-	300,000	0.16
5	Tiong Kiong King	1,227,904 *2	-	1,227,904	0.66
6	Ngu Woo Hieng	20,000 *1	-	20,000	0.01

Notes:

- *1 Held through Public Nominees (Tempatan) Sdn. Bhd..
- *2 1,196,789 shares and 20,000 shares are held through AMSEC Nominees (Tempatan) Sdn. Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively.
- *3 Deemed interested by virtue of her substantial shareholding in Unique Wood Sdn. Bhd..



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. Bursa Malaysia Securities Berhad ('BMSB') Listing Requirements require directors of listed companies to include a statement in annual reports on the state of their internal controls. BMSB's Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Guidance') provides guidance for compliance with these requirements. The Board of Directors of Subur Tiasa Holdings Berhad ('STHB') is pleased to present this Statement on Internal Control, which has been prepared in accordance with the Guidance.

RESPONSIBILITIES

The Board acknowledges its responsibilities for the Group's system of internal controls and risk management practices covering all aspects of the Group's operations. The Board also recognises its responsibility for reviewing the adequacy and integrity of those systems frequently. While acknowledging their responsibility for the system of internal controls, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system could provide only reasonable, and not absolute, assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board realized that risks exist in every area of the Group's operation activities. Therefore, it is vital for an effective and efficient risk management framework to be incorporated to enable management to manage and control the risks to a tolerable rate.

Towards this end, during the period, the Board had approved the setting up of a risk management committee, which is led by our Managing Director. All heads of the respective business units will be responsible for monitoring and updating their risk profiles as well as evaluating emerging new risks. Ongoing assessment and action plans are designed and implemented to administer and diminish the risk impacts.

INTERNAL CONTROLS

Besides the risk management framework, the Group has existing internal controls embedded in the daily operations of the Group through the followings :

- A well-developed organizational structure ensures the smoothness in carrying out the responsibilities and delegation of authority for management at various levels of administration and operation.
- Regular review of internal control system of the Group and reports directly to Audit Committee on a quarterly basis by the Internal Audit Department provides continuous independence assurance of the operations and validity of the internal control system.
- Monthly Management Meeting participated by the key personnel of functional departments provide ongoing updated information and performance of all the operations. Prompt appropriate controls with regards to cost/benefit, materiality and likelihood of the crystallisation of risks are possible.
- Emphasis is placed on enhancing the quality and capabilities of the Group's employees with continuing education, training and development through in-house training and external courses or seminars in order for the proper control environment to be maintained.
- Annual assessment of the effectiveness of the individual directors by STHB's Nomination Committee and the director's remuneration by STHB's Remuneration Committee.
- Process governing appraisal and approval of capital/investment expenditure and asset disposal.
- Regular meetings are held at operational and management levels to identify and resolve business as well as operational issues.

Statement on Internal Control (con'd)

INTERNAL CONTROLS (con'd)

- Constant monitoring of budgets, containing financial and operating targets and performance indicators, with disturbing variances will decrease further damages, if any.
- Budgets will be reviewed and approved by the Managing Director and subsequently by the Board of STHB.
- Significant weaknesses, if any, identified by Internal Audit Department during the reviews are reported and appropriate measures are recommended for implementation by management to ratify those weaknesses found.
- Conducting follow-up audits to ensure proper and approved remedy action has been implemented.

CONTROL WEAKNESSES THAT RESULT IN MATERIAL LOSSES

The Board is pleased to report that there was no material loss realized as a result of weaknesses in internal control during the current financial period under review and to the date of approval of Annual Report. The Board and the management will continue to take active measures to strengthen and continuously improve the internal control system of the Group to put up with constantly changing and challenging operating environment.

This Statement on Internal Control is made in accordance with a resolution of the Board of Directors dated 8 November 2004.

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 affairs of the Company and the Group at the end of the financial year, the profit and loss and cash flows of the Company and the Group for the financial year.

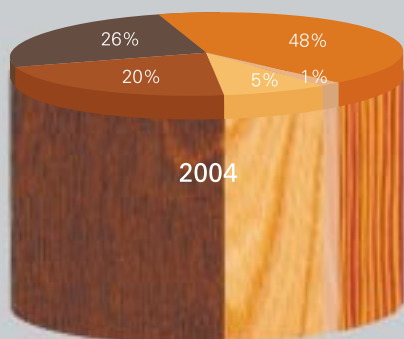
In preparing those statements, the directors have:

- adopted suitable accounting policies and then apply them consistently,
- made judgements and estimates that are prudent and reasonable,
- ensure applicable accounting standards have been followed, and
- prepared the financial statements on the going concern basis as the directors have reasonable expectation, having made enquiries, that the Group and the company have adequate resources to continue in operational existence for the foreseeable future.

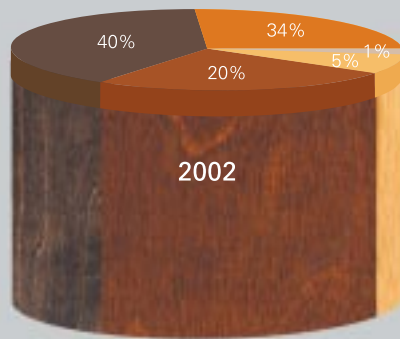
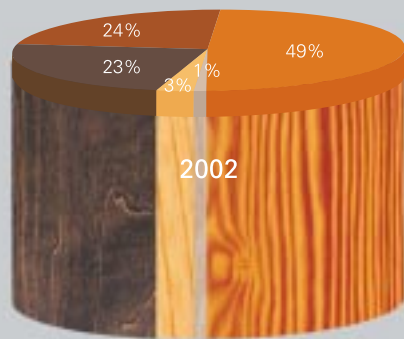
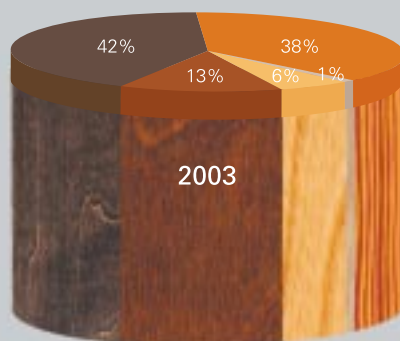
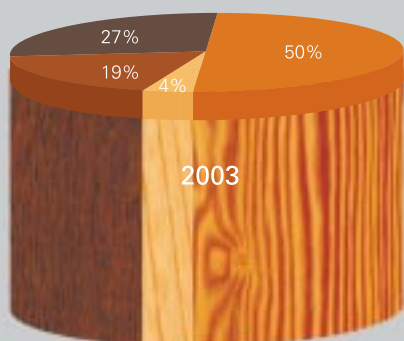
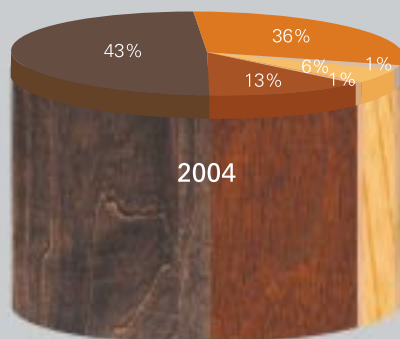
The directors hereby confirm that suitable accounting policies have been consistently applied in respect of the preparation of the financial statements and that the company maintains adequate accounting records. Sufficient internal controls are also in place to safeguard the assets of the Group and the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

This Statement of Directors' Responsibility is made in accordance with a resolution of the Board of Directors dated 8 November 2004.

Export volume in %
for last 3 financial years



Export value in %
for last 3 financial years



GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2004	2003	2002	2001
Revenue	691,997	370,979	320,825	308,353
Profit/(Loss) Before Taxation	91,005	46,121	(20,033)	31,518
Profit/(Loss) After Tax	63,018	33,154	(20,005)	28,139
Shareholders' Fund	359,094	356,815	314,837	322,156
Net Earning/(Loss) Per Share (Sen)	32.11	16.58	(10.00)	14.07
Return on Shareholders' Fund (%)	17.55	9.29	(6.35)	8.73
Net Tangible Assets Per Share (RM)	1.90	1.76	1.55	1.58

export market highlights



“On behalf of the board of directors, it is my great pleasure to present to you the annual report and financial statements of Subur Tiasa Holdings Berhad for the period ended 31 July 2004.”



FINANCIAL PERFORMANCE

The Group has changed its financial year from 31 January to 31 July for the period under review. Therefore, the reporting for the financial statements is for 18 months. Despite the unusually prolonged wet seasons, Iraqi war, followed immediately by the adverse impact of SARS (Severe Acute Respiratory Syndrome) and global terrorist activities, the Group chalked up a significant improvement in the financial performance. Turnover increase 86.5% from RM371 million in the previous year to a record high of RM692 million. Better overall selling prices coupled with higher sales volumes of logs, plywood, particleboard and sawn timber contributed to the higher turnover.

The Group achieved a gross profit before tax of RM91 million, a commendable improvement over last year's gross profit before tax of RM46.1 million. On a pro-rate basis of 12 months, the Group achieved a remarkable 32% increase in gross profit. The shareholders' funds also increased by RM2.3 million from RM356.8 million to RM359.1 million. In addition, the earnings per share increased a staggering 93% from 16.6 sen per share last year to 32.1 sen per share.

OPERATIONS REVIEW

During the period, our group's total export volume and turnover increased by 69% and 76% respectively. Logging and plywood divisions contributed about 46% and 35% respectively to the Group's total revenue. The uncertainty over log supplies initially had prompted buyers to stock up on their inventories. The increased demand pushed up average selling prices of logs, plywood and particleboard from the 3rd quarter of the financial period.

Logs

The Group's traditional markets of India, Taiwan and Japan continued to be the major consumers for our timber. Because of strong economic growth, India has now emerged as a significant player in the round log market. She is now also importing a wide range of log species besides the traditional favourite *selangan batu* logs. The fast expanding Indian market has helped to sustain the timber prices. In Indonesia the stringent enforcement of the banning of illegal logging activities and the reduction of timber production volume to enable sustainable timber supply to local mills had helped to stabilize the log prices.

Softwood has until recently enjoyed competitive price advantage over hardwood. Price difference between New Zealand Ridiata pine and hardwood has narrowed significantly because of higher freight charges and the strengthening of New Zealand Dollar against the US Dollar. Hardwood has continued to have competitive edge over softwood due to the former's superior and finer quality and properties.

Plywood

The Group's market strong hold of South Korea, Taiwan, North America, Japan and China continued to be our major customers. Our Group has invested in new machineries in order to achieve better efficiency and maximize utilization of raw material and resources. During the period under review we have successfully converted from in-house diesel generated electricity to connection to supply of electricity from Sarawak Electricity Supply Corporation (SESCO). This enable the plywood division to achieve tremendous saving in energy cost.

The improving economic outlook in Taiwan, USA, and massive infrastructure development in China due to the upcoming 2008 Olympic Games has helped to sustain the plywood market. The later quarters also saw an improved Japanese economy with rebound housing starts amongst healthier business sentiments. Restriction of logging activities and the curtailing of illegal timber harvesting in Indonesia resulted in reduced log supplies to Indonesian plywood producers. Hence this lowered their output of plywood which further stabilised the price of plywood.

Subur Tiasa continues to be the preferred supplier of plywood to the world wide market because of our commitment to product quality, reliability of supplies and good business ethics and practices. Our plywood division will continue to make positive contributions to our Group's earnings.

Furthermore, our ownership of timber concessions has ensured continued and secured long-term supply of logs for our plywood mill.

Particleboard

Our main markets are Vietnam, South Korea, Taiwan and the Philippines. Our particleboard is the preferred product due to its superior quality. We are proud to say that we have achieved a brand name in the international market.

We continue to enjoy ample supply of raw material in the form of wood waste from plywood mills and sawmills along the Rejang Basin aside from residual wood waste from tree plantations. We transformed all these waste into particleboard, which would otherwise pollute the environment.

CORPORATE DEVELOPMENT

To further enhance the Group's business growth and activity, Subur Tiasa has entered into agreements with Rejang Height Sdn. Bhd. to develop 260,948 hectares of tree plantation in Sarawak. Land clearing and tree planting had commenced during the financial period. We had emphasized high yield of our planted forest, economies of growing and harvesting efficiency.

Expanding forest areas through planted forests is imperative given the rising demand for wood. Our sustainable forest management practices in logging and ongoing plantation activities will ensure continuous supply of wood to our downstream manufacturing industries. Sustainable wood source will give our wood product a green label, which will enable it to compete favourably in the international market.

We had further diversified into oil palm plantation activities subsequent to the financial period end. The Group acquired the entire issued and paid up capital of Palmlyn Sdn. Bhd., which owns 5,000 hectares of vacant land for development into oil palm plantation. With the diversification, our profit base will be expected to improve in the future upon the development and maturity of the crops.

PROSPECTS

The Group believes it is well poised to meet any challenges that may lie in the future after embarking on a comprehensive modernization plan in its downstream processing activities. Investment in new machineries is of paramount importance in an ever-increasing competitive operating environment.

The Group continues to rationalise its operations and enhance productivity through better logistic management, development of human resources and upgrading of machineries.

Generally, major economies seem to be sustainable. However, volatile crude oil prices, price increase of steel related products, imminent interest rates hike, uncertainty over the continuity of Ringgit peg with US Dollars and fears of terrorist attacks continue to cast a cloud of uncertainty over the future. We will thus expect the coming financial year to be a continuing challenging one. However, the Board is confident that the Group has the resilience and strength to achieve satisfactory results in the coming financial year.

DIVIDENDS

During the financial period, the Board had declared a total tax exempted gross dividend of 10% per share. A first interim dividend of 5% per share was paid on 18 September 2003 and a second interim dividend of 5% per share was paid on 22 September 2004.

APPRECIATION

I would like to take this opportunity to express our heartfelt thanks and appreciation to my fellow Board of Directors for their wise guidance and counsel. The Group is fortunate to have a strong management team under the dynamic leadership of Managing Director, Madam Tiong Ing. Their hard work, commitment and dedication have contributed to the Group's achievements. I would also like to express our sincere thanks to our customers, bankers, business partners, relevant government authorities and shareholders for their continued invaluable support.

YABhg Datuk Patinggi Tan Sri Dr Wong Soon Kai
CHAIRMAN



FINANCIAL STATEMENT

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The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and Company for the eighteen months ended 31 July 2004.

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, finger joint moulding, supply of energy and tree planting (reforestation).

There was no significant change in the nature of these activities except that the Group commenced the operations of tree planting (reforestation) during the period.

Change in reporting period

The financial year end of the Company was changed from 31 January to 31 July.

Financial results

	Group RM	Company RM
Net profit for the period	63,017,811	29,312,242

Dividends

The dividends on ordinary shares paid or declared by the Company since 31 January 2003 were as follows:

	RM
In respect of the eighteen months ended 31 July 2004:	
• first interim dividend of 5 sen per share, tax exempt, on 197,925,400 ordinary shares paid on 18 September 2003	9,896,270
• second interim dividend of 5 sen per share, tax exempt, on 186,902,300 ordinary shares paid on 22 September 2004	9,345,115
	<u>19,241,385</u>

The Directors do not recommend the payment of final dividend in respect of the eighteen months ended 31 July 2004.

Reserves and provisions

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

Directors' Report (con'd)

Treasury shares

During the period, the Company repurchased 12,198,800 of its issued share capital from the open market on the Bursa Malaysia for RM31,778,706. The average price paid for the shares repurchased was approximately RM2.60 per share.

Details of the treasury shares are set out in Note 26 to 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
Tiong Kiong King
Tiong Ing
YBhg Senator Datuk William Lau Kung Hui
YBhg Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh
Ngu Woo Hieng

In accordance with the Company's Articles of Association, Tiong Ing and YBhg Senator Datuk William Lau Kung Hui 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 eighteen months ended 31 July 2004, 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 year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in 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 as disclosed in Note 30 to the financial statements.

Directors' Report (con'd)

Directors' interests in shares and debentures

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

	Number of ordinary shares of RM1 each			
	At 1.2.2003	Bought	Sold	At 31.7.2004
<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. Temenggong 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.)	1,109,289	84,500	-	1,193,789
Tiong Kiong King (held through Mayban Nominees (Tempatan) Sdn. Bhd.)	-	20,000	-	20,000
Tiong Ing	303,056	498,200	100,000	701,256
Ngu Woo Hieng	-	20,000	-	20,000
<u>Indirect interest</u>				
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	16,130,983	-	16,130,983	-
Tiong Ing	-	70,000	-	70,000

Other than disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the period did not hold any interest in shares in, or debentures of, the Company or its related corporations during the period.

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.

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

- 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

Statutory information on the financial statements (con'd)

- (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 period 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 period 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 period.

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 period 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 period 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.

Auditors

The auditors, PricewaterhouseCoopers, will not be seeking re-appointment at the forthcoming Annual General Meeting.

Signed on behalf of the Board of Directors in accordance with their resolution dated 8 November 2004.

TIONG ING
DIRECTOR

Sibu

TIONG KIONG KING
DIRECTOR

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 40 to 87 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 July 2004 and of the results and cash flows of the Group and Company for the eighteen months 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 8 November 2004.

TIONG ING
DIRECTOR

TIONG KIONG KING
DIRECTOR

Sibu

pursuant to Section 169(16) of the Companies Act 1965

I, Yeo Eng Siang, the officer primarily responsible for the financial management of Subur Tiasa Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 87 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.

YEO ENG SIANG

Subscribed and solemnly declared by the abovenamed Yeo Eng Siang at Sibu, Sarawak on 8 November 2004, before me.

COMMISSIONER FOR OATHS

to the members of Subur Tiasa Holdings Berhad (Company No. 341792-W)

We have audited the financial statements set out on pages 40 to 87. 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 require 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 statement 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 July 2004 and of the results and cash flows of the Group and Company for the eighteen months 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.

The name of the subsidiary of which we have not acted as auditors is indicated in Note 15 to the financial statements. We have considered the financial statements of this subsidiary and the auditors' report thereon.

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.

The auditors' 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

Kuching

LEE YOKE KHAI
(No. 1589/08/05 (J))
Partner of the firm

income statements for the Eighteen Months ended 31 July 2004

	Note	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Revenue	5	691,997,247	370,979,012	340,880,380	235,523,181
Cost of sales		(483,930,812)	(262,409,146)	(230,334,073)	(171,788,316)
Gross profit		208,066,435	108,569,866	110,546,307	63,734,865
Other operating income		4,923,715	1,845,958	1,144,553	127,785
Selling and distribution expenses		(55,868,545)	(30,762,475)	(21,407,736)	(15,806,822)
Administrative expenses		(34,183,867)	(16,336,814)	(18,774,215)	(8,755,227)
Other operating expenses (including impairment of property, plant and equipment of RM1,899,378 (31.1.2003: RM469,651))		(21,642,529)	(10,330,927)	(20,584,902)	(17,210,929)
Profit from operations	6	101,295,209	52,985,608	50,924,007	22,089,672
Finance cost	9	(10,290,461)	(6,864,623)	(9,129,683)	(6,444,384)
Profit from ordinary activities before tax		91,004,748	46,120,985	41,794,324	15,645,288
Tax	10	(27,986,937)	(12,967,239)	(12,482,082)	(9,359,000)
Net profit for the period/year		63,017,811	33,153,746	29,312,242	6,286,288
Earnings per share					
- basic (sen)	11	32.1	16.6		
- diluted (sen)		N/A	N/A		

	Note	31.7.2004 RM	Group 31.1.2003 RM	31.7.2004 RM	Company 31.1.2003 RM
Non-current assets					
Property, plant and equipment	14	206,187,208	191,568,645	38,942,535	28,770,363
Investments in subsidiaries	15	-	-	174,567,839	169,567,841
Rights in timber licences	16	143,419,315	169,957,623	120,267,182	140,852,084
Goodwill on consolidation	17	2,404,763	3,847,622	-	-
Long term receivables	18	27,136,522	25,213,086	22,680,632	25,213,086
Deferred tax assets	25	2,572,130	13,722,930	-	-
		381,719,938	404,309,906	356,458,188	364,403,374
Current assets					
Inventories	19	66,320,441	60,224,214	7,825,761	7,671,445
Trade and other receivables	20	35,356,888	30,450,069	12,764,769	14,589,730
Amounts due from subsidiaries	21	-	-	19,235,389	16,108,696
Tax recoverable		3,804,293	2,903,057	1,693,314	329,041
Deposits, bank and cash balances	22	49,535,661	37,823,274	3,778,319	8,065,767
		155,017,283	131,400,614	45,297,552	46,764,679
Current liabilities					
Trade and other payables	23	64,251,477	65,667,044	24,857,010	24,646,860
Amounts due to subsidiaries	21	-	-	45,115,016	27,400,000
Dividends payable		9,376,215	72,423	9,376,215	72,423
Borrowings (unsecured and interest bearing)	24	33,303,578	8,000,000	26,662,578	8,000,000
		106,931,270	73,739,467	106,010,819	60,119,283
Net current assets/(liabilities)		48,086,013	57,661,147	(60,713,267)	(13,354,604)
		429,805,951	461,971,053	295,744,921	351,048,770
Capital and reserves					
Share capital	26	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
Treasury shares	26	(31,778,706)	-	(31,778,706)	-
Reserve on consolidation	17	24,492,026	34,210,685	-	-
Retained earnings/(accumulated losses)	27	106,701,004	62,924,578	8,573,883	(1,496,974)
		359,094,068	356,815,007	236,474,921	258,182,770
Non-current liabilities					
Borrowings (unsecured and interest bearing)	24	69,152,000	104,290,046	58,000,000	92,000,000
Deferred tax liabilities	25	1,559,883	866,000	1,270,000	866,000
		70,711,883	105,156,046	59,270,000	92,866,000
		429,805,951	461,971,053	295,744,921	351,048,770

consolidated statement of changes in equity for the Eighteen Months ended 31 July 2004

	Note	Share capital RM	Share premium RM	Non-distributable Treasury shares RM	Distributable Retained earnings RM	Total RM
At 1 February 2002						
- as previously reported		200,000,000	59,679,744	-	12,007,102	271,686,846
- prior year adjustment	28	-	-	-	17,763,730	17,763,730
As restated		200,000,000	59,679,744	-	29,770,832	289,450,576
Net profit for the year		-	-	-	33,153,746	33,153,746
At 31 January 2003		200,000,000	59,679,744	-	62,924,578	322,604,322
At 1 February 2003						
- as previously reported		200,000,000	59,679,744	-	49,201,648	308,881,392
- prior year adjustment	28	-	-	-	13,722,930	13,722,930
As restated		200,000,000	59,679,744	-	62,924,578	322,604,322
Net profit for the period		-	-	-	63,017,811	63,017,811
Dividends	12	-	-	-	(19,241,385)	(19,241,385)
Purchase of treasury shares		-	-	(31,778,706)	-	(31,778,706)
At 31 July 2004		200,000,000	59,679,744	(31,778,706)	106,701,004	334,602,042

company statement of changes in equity for the Eighteen Months ended 31 July 2004

	Note	Share capital RM	Non-distributable Share premium RM	Treasury shares RM	(Accumulated losses)/ retained earnings RM	Total RM
At 1 February 2002		200,000,000	59,679,744	-	(7,783,262)	251,896,482
Net profit for the year		-	-	-	6,286,288	6,286,288
At 31 January 2003		200,000,000	59,679,744	-	(1,496,974)	258,182,770
At 1 February 2003		200,000,000	59,679,744	-	(1,496,974)	258,182,770
Net profit for the period		-	-	-	29,312,242	29,312,242
Dividends	12	-	-	-	(19,241,385)	(19,241,385)
Purchase of treasury shares		-	-	(31,778,706)	-	(31,778,706)
At 31 July 2004		200,000,000	59,679,744	(31,778,706)	8,573,883	236,474,921

cash flow statements for the Eighteen Months ended 31 July 2004

	Note	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Operating activities					
Net profit for the period/year		63,017,811	33,153,746	29,312,242	6,286,288
Adjustments for:					
Amortisation of reserve on consolidation		(9,718,661)	(5,194,083)	-	-
Amortisation of goodwill on consolidation		1,442,859	961,906	-	-
Amortisation of timber rights		26,538,308	14,054,013	20,584,902	13,723,268
Depreciation of property, plant and equipment		35,661,781	20,394,141	3,386,795	1,266,667
Property, plant and equipment written off		3	148,056	-	146,083
Impairment loss		1,899,378	469,651	-	-
Net gain on disposal of property, plant and equipment		(941,919)	(31,945)	(26,523)	(3,325)
Interest expenses		10,290,461	6,864,623	9,129,683	6,444,384
Interest income		(1,706,761)	(1,115,473)	(333,378)	(413,925)
Tax		27,986,937	12,967,239	12,482,082	9,359,000
		154,470,197	82,671,874	74,535,803	36,808,440
Changes in working capital:					
Inventories		(6,096,227)	2,124,791	(154,316)	2,784,389
Trade and other receivables		(6,720,545)	12,266,883	4,350,261	6,611,201
Trade and other payables		(6,772,788)	(33,861,879)	210,150	(23,119,777)
Amounts due from subsidiaries		-	-	14,588,323	25,434,312
		134,880,637	63,201,669	93,530,221	48,518,565
Interest paid		(10,290,461)	(6,864,623)	(9,129,683)	(6,444,384)
Interest received		1,636,706	1,071,912	340,532	399,337
Tax paid		(18,597,931)	(5,854,901)	(13,442,355)	(5,619,193)
Tax refund		1,554,440	-	-	-
Net cash flow from operating activities		109,183,391	51,554,057	71,298,715	36,854,325

Cash Flow Statements for the Eighteen Months ended 31 July 2004 (con'd)

	Note	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Investing activities					
Purchase of property, plant and equipment	14	(47,421,404)	(39,337,803)	(13,767,166)	(10,629,257)
Proceeds from disposal of property, plant and equipment		1,501,164	33,487	234,722	7,529
Acquisition of a subsidiary		-	(13,204,408)	-	(22,222,044)
Subscription of shares in a subsidiary		-	-	(4,999,998)	-
Net cash flow from investing activities		(45,920,240)	(52,508,724)	(18,532,442)	(32,843,772)
Financing activities					
Repayment to a subsidiary		-	-	-	(5,600,000)
Purchase of treasury shares	26	(31,778,706)	-	(31,778,706)	-
Dividends paid to shareholders		(9,937,593)	-	(9,937,593)	-
Proceeds from term loan		7,880,957	12,290,046	-	-
Repayment of term loan		(18,378,000)	-	(16,000,000)	-
Net cash flow from financing activities		(52,213,342)	12,290,046	(57,716,299)	(5,600,000)
Net change in cash and cash equivalents		11,049,809	11,335,379	(4,950,026)	(1,589,447)
Cash and cash equivalents at beginning of the period/year		37,823,274	26,487,895	8,065,767	9,655,214
Cash and cash equivalents at end of the period/year	29	48,873,083	37,823,274	3,115,741	8,065,767

1 General information

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, finger joint moulding, supply of energy and tree planting (reforestation).

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

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 Sibul, Sarawak, Malaysia

The financial year end of the Company was changed from 31 January to 31 July. Accordingly, comparative amounts for the income statement, changes in equity, cash flows and related notes are not comparable.

The number of employees at the end of the period were 2,192 (31.1.2003: 1,918) in the Group and 200 (31.1.2003: (152) in the Company.

2 Basis of preparation

The financial statements of the Group and Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies (refer Note 4 to the financial statements).

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965. The new accounting standards adopted in these financial statements are as follows:

- MASB 25 "Income Taxes"
- MASB 29 "Employee Benefits"

With the exception of MASB 25 (see Note 28), there are no changes in accounting policy that affect net profit or shareholders' equity as the Group was already following the recognition and measurement principles in those standards.

The preparation of financial statements in conformity with the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia requires the use of 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 period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

3 Financial risk management objectives and policies

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

3 Financial risk management objectives and policies (con'd)

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

(i) Foreign currency exchange risk

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

(ii) Interest rate risk

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

(iii) Credit risk

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

(iv) Liquidity and cash flow risk

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

4 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) Group accounting

(i) Subsidiaries

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

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting.

4 Summary of significant accounting policies (con'd)

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

The difference between the fair value of the purchase consideration and the fair value of the identifiable net assets of subsidiaries at the date of acquisition is treated as goodwill or reserve on consolidation.

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of their identifiable net assets at the date of the acquisition. Goodwill is amortised using the straight-line method over its estimated useful life, which is ten years. When an indication of impairment exists, the carrying amount of the goodwill is assessed and written down immediately to its recoverable amount.

Reserves on consolidation, or negative goodwill, represents the excess of the fair value of the Group's share of identifiable net assets acquired over the cost of acquisition and is credited to reserves in the year of acquisition. Reserve on consolidation is amortised using the straight line method over its estimated useful life, which is ten years.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(ii) Transaction costs

External costs directly attributable to an acquisition, other than costs of issuing shares and other capital instruments, is included as part of the cost of acquisition.

(b) Property, plant and equipment

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

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

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

4 Summary of significant accounting policies (con'd)

(b) Property, plant and equipment (con'd)

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 are stated at cost. When an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(d) Rights in timber licences

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

(e) Goodwill on consolidation

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Capitalised goodwill is amortised using the straight line method over a period of ten years. When an indication of impairment exists, the carrying amount of the goodwill is assessed and written down immediately to its recoverable amount.

(f) Inventories

(i) Nursery stocks and tree planting expenditure

Nursery stocks and tree planting expenditure comprise all costs that are directly attributable and those that can be allocated on a reasonable basis to the tree planting activities.

(ii) Other inventories

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

(g) Receivables

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

(h) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates.

4 Summary of significant accounting policies (con'd)

(h) Income taxes (con'd)

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Tax rates enacted or substantially enacted by the balance sheet date are used to determine deferred tax.

(i) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities in the period in which they are declared.

(iii) Purchase of own shares

Where the Company purchases the Company's equity share capital, the consideration paid, including any attributable incremental external costs, net of tax, is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(j) Foreign currencies

Foreign currency transactions are accounted for at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

<u>Foreign currency</u>	<u>31.7.2004</u>	<u>31.1.2003</u>
	RM	RM
1 US Dollar	3.800	3.800
1 Euro	4.581	4.123
100 Japanese Yen	3.409	3.240

4 Summary of significant accounting policies (con'd)

(k) Leases

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(l) Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(m) Revenue recognition

(i) Goods sold and services rendered

Revenue are recognised upon delivery of goods or transmission of electricity.

(ii) Contract income

Revenue from logging activity is recognised in the income statement based on the volume of logs extracted.

(iii) Interest income

Interest income is recognised on an accrual basis.

(iv) Dividend income

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

(n) Financial instruments

(i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

4 **Summary of significant accounting policies** (con'd)

(n) **Financial instruments** (con'd)

(ii) **Financial instruments not recognised on the balance sheet**

The Group is a party to financial instrument that comprises foreign currency forward contracts. These instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

(iii) **Fair value estimation for disclosure purposes**

The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance sheet date.

The fair values of financial assets and liabilities are estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The face value for financial assets, less any estimated credit adjustments, and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

(o) **Employee benefits**

(i) **Short term employee benefits**

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) **Post-employment benefits**

Defined contribution plan

The Group's contributions to defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

4 **Summary of significant accounting policies** (con'd)

(p) **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.

5 **Revenue**

	18 months ended 31.7.2004 RM	Year ended 31.1.2003 RM
Group		
Sale of logs	318,089,668	164,107,045
Sale of plywood	241,836,341	140,087,456
Sale of veneer	3,780,288	-
Sale of raw and laminated particleboard	82,073,798	45,561,214
Sale of sawn timber, finger joint moulding and by-products	44,226,398	20,490,664
Supply of energy and electricity	927,203	732,633
Contract fee	1,063,551	-
	691,997,247	370,979,012
Company		
Sale of logs	320,156,012	234,891,778
Sale of waste wood	390,990	217,478
Interest income	333,378	413,925
Dividend income	20,000,000	-
	340,880,380	235,523,181

6 Supplementary income statement disclosures

The following amounts have been charged/(credited) in arriving at profit from operations:

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Auditors' remuneration				
- current period/year	107,000	81,615	28,000	22,000
- under provision in prior year	9,000	4,000	3,000	3,000
Amortisation of goodwill on consolidation	1,442,859	961,906	-	-
Amortisation of timber rights	26,538,308	14,054,013	20,584,902	13,723,268
Cost of inventories recognised as an expense	478,457,711	259,399,638	230,334,073	171,788,316
Property, plant and equipment				
- depreciation	35,661,781	20,394,141	3,386,795	1,266,667
- written off	3	148,056	-	146,083
- impairment loss included within 'other operating expenses'	1,899,378	469,651	-	-
Directors' remuneration				
- fees	156,900	115,100	89,400	108,600
- other emoluments	1,372,280	798,960	1,303,000	794,000
Hiring charges	69,465	42,640	-	-
Management fee	-	12,000	-	-
Net realised foreign exchange loss	-	13,577	-	13,577
Allowance for doubtful debts	1,493,187	25,176	-	3,487,661
Inventory writedown	244,652	-	-	-
Rental of				
- buildings	107,100	57,410	11,600	1,750
- land	144,000	96,600	-	-
- watercrafts	60,555	46,037	60,555	46,037
- tools and equipment	152,872	114,920	6,454	3,770
- vehicles	58,719	2,718	-	90
Staff costs (excluding Directors' remuneration) - Note 7	38,133,124	21,865,723	8,605,930	3,552,899

6 Supplementary income statement disclosures (con'd)

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
and crediting:				
Bad debts recovered	(143,976)	(9,292)	(400,000)	-
Amortisation of reserve on consolidation	(9,718,659)	(5,194,083)	-	-
Interest income				
- deposits	(1,706,761)	(1,115,473)	(333,378)	(413,925)
Net realised foreign exchange gain	(538,067)	(140,887)	(184,948)	-
Net gain on disposal of property, plant and equipment	(941,919)	(31,945)	(26,523)	(3,325)
Rental income				
- building	(597,056)	(115,586)	(352,800)	(19,600)
Compensation from insurance claim	(327,276)	-	-	-

7 Staff costs

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Wages, salaries and bonus	32,790,336	18,793,990	6,386,278	2,516,053
Defined contribution plan (Employees Provident Fund)	2,626,017	1,506,280	838,286	322,111
Other employee benefits	2,716,771	1,565,453	1,381,366	714,735
	38,133,124	21,865,723	8,605,930	3,552,899

8 Directors' remuneration

The aggregate amount of emoluments receivable by Directors of the Company during the period was as follows:

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Executive Director				
- salaries, bonus and other emoluments	878,000	500,000	850,000	500,000
- fees	46,000	17,000	15,000	15,000
- defined contribution plan (Employees Provident Fund)	93,000	54,000	93,000	54,000
Non-Executive Directors				
- fees	110,900	98,100	74,400	93,600
- other remuneration	401,280	244,960	360,000	240,000
Total	<u>1,529,180</u>	<u>914,060</u>	<u>1,392,400</u>	<u>902,600</u>

9 Finance cost

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Interest expenses:				
Term loan	10,290,461	6,864,623	9,129,683	6,444,384

10 Tax

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Malaysian income tax				
- Current period/year	16,233,300	8,782,768	12,072,000	8,493,000
- (Over)/under accrual in prior year	(91,046)	(722,329)	6,082	-
Deferred tax (Note 25)	11,844,683	4,906,800	404,000	866,000
	<u>27,986,937</u>	<u>12,967,239</u>	<u>12,482,082</u>	<u>9,359,000</u>

The explanation of the relationship between tax expense and profit from ordinary activities before tax is as follows:

	18 months ended 31.7.2004 %	Group Year ended 31.1.2003 %	18 months ended 31.7.2004 %	Company Year ended 31.1.2003 %
Numerical reconciliation between the average effective tax rate and the Malaysian tax rate				
Malaysian tax rate	28	28	28	28
Tax effects of:				
- expenses not deductible for tax purposes	13	9	15	32
- expenses qualified for double deduction	(5)	(7)	-	-
- income not subject to tax	(5)	(1)	(13)	-
- over accrual in prior year	-	(2)	-	-
Average effective tax rate	<u>31</u>	<u>27</u>	<u>30</u>	<u>60</u>

Tax savings during the period due to the recognition of previously unrecognised tax losses amounted to RM543,450 (31.1.2003: RM166,000).

11 Earnings per share

The earnings per share of the Group is calculated by dividing the net profit for the period/year of RM63,017,811 (31.1.2003: RM33,153,746) by the weighted average number of ordinary shares in issue of 196,259,506 (31.1.2003: 200,000,000) during the period/year, excluding ordinary shares purchased by the Company and held as treasury shares.

12 Dividends in respect of ordinary shares

Dividends paid or declared in respect of ordinary shares for the period are as follows:

	18 months ended 31.7.2004		Group and Company Year ended 31.1.2003	
	Gross dividend per share sen	Amount of dividends, net of tax RM	Gross dividend per share sen	Amount of dividends, net of tax RM
Interim dividend paid	5	9,896,270	-	-
Interim dividend declared	5	9,345,115	-	-
	10	19,241,385	-	-

13 Impairment loss

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM
Impairment of:		
- Plant and machinery	1,899,378	469,651

During the period, certain plant and machinery are idle and not generating income. This has led to the recognition of impairment loss of RM1,899,378 (31.1.2003: RM469,651). The recognition of this impairment is in accordance with the principles of MASB 23 "Impairment of Assets". The recoverable amount of these assets is RM342,000 (31.1.2003: Nil).

14 Property, plant and equipment

Group 2004	Cost	Watercrafts, tractors, trucks and motor vehicles							Total RM	
		Long leasehold land RM	Short leasehold land RM	Buildings RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM		Capital work-in- progress RM
		13,340,436	4,239,879	97,930,740	230,326,111	24,291,058	9,945,968	22,215,269	5,012,629	420,728,900
	Additions	-	-	769,870	2,854,493	8,475,950	2,357,351	273,146	33,795,491	52,930,405
	Disposals/ written off	-	-	(127,867)	(2,882,545)	(1,123)	(70,560)	(5,500)	-	(3,635,020)
	Reclassification	-	-	1,640,885	14,766,710	-	919,810	8,750	(18,869,919)	-
	At 31.7.2004	13,340,436	4,239,879	100,213,628	245,064,769	32,765,885	13,152,569	22,491,665	19,938,201	470,024,285
	Accumulated depreciation/ accumulated impairment losses									
	At 1.2.2003	1,270,155	792,766	47,471,240	147,501,229	10,898,593	2,734,203	7,325,116	-	229,160,255
	- Depreciation charge for the period	337,161	213,373	5,480,356	20,611,120	2,187,510	1,637,402	3,731,592	-	35,678,929
	- Impairment	-	-	-	1,899,378	-	-	-	-	1,899,378
	- Disposals/ written off	-	-	(27,704)	(2,638,473)	(871)	(20,829)	(5,677)	-	(2,901,485)
	Reclassification	-	-	(440)	440	-	-	-	-	-
	At 31.7.2004	1,607,316	1,006,139	52,923,452	164,535,014	13,085,232	4,350,776	11,051,031	-	260,998,397
	- Accumulated depreciation impairment losses	-	-	-	2,838,680	-	-	-	-	2,838,680
	Net book value									
	As at 31.7.2004	11,733,120	3,233,740	47,290,176	77,691,075	19,680,653	8,801,739	11,440,634	19,938,201	206,187,208
	Net book value									
	As at 31.1.2003	12,070,281	3,447,113	50,459,500	82,824,882	13,392,465	7,211,765	14,890,153	5,012,629	191,568,645

Long leasehold land with net book value of RM157,260 (31.1.2003: RM157,260) is native land acquired solely for the purposes of a subsidiary's logging operations.

Certain buildings of the Group with net book value of RM3,216,191 (31.1.2003: RM4,172,428) are situated on land which is held by a company in which a Director of certain subsidiaries and certain substantial shareholders of the Company have financial interests.

notes to the financial statements - 31 July 2004

notes to the financial statements - 31 July 2004

14 Property, plant and equipment (cont'd)

Company 2004	Buildings RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
Cost							
At 1.2.2003	13,006,770	1,152,604	-	8,901,534	6,984,960	311,458	30,357,326
Additions	715,062	1,743,313	35,750	8,167,500	1,188,688	1,916,853	13,767,166
Disposals/written off	-	(210,000)	-	-	(36,784)	-	(246,784)
Reclassification	223,437	1,533,764	-	-	434,452	(2,191,653)	-
At 31.7.2004	13,945,269	4,219,681	35,750	17,069,034	8,571,316	36,658	43,877,708
Accumulated depreciation							
At 1.2.2003	422,630	194,219	-	172,063	798,051	-	1,586,963
Depreciation charge for the period	409,029	656,760	2,979	1,087,928	1,230,099	-	3,386,795
Disposals/written off	-	(35,000)	-	-	(3,585)	-	(38,585)
At 31.7.2004	831,659	815,979	2,979	1,259,991	2,024,565	-	4,935,173
Net book value							
As at 31.7.2004	13,113,610	3,403,702	32,771	15,809,043	6,546,751	36,658	38,942,535
Net book value							
As at 31.1.2003	12,584,140	958,385	-	8,729,471	6,186,909	311,458	28,770,363

14 Property, plant and equipment (con'd)

Purchase of property, plant and equipment by means of:

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
Payables	6,526,356	1,855,142	-	71,440
Cash	47,421,404	39,337,803	13,767,166	10,629,257
	53,947,760	41,192,945	13,767,166	10,700,697

15 Investments in subsidiaries

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
Unquoted shares, at cost	-	-	174,567,839	169,567,841

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	
		2004	2003
		%	%
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.	Tree planting (reforestation)	100	100
Sarawak Plywood (M) Sdn. Bhd. +	Logging, sawmilling and marketing of logs and sawn timber	100	100

+ Audited by a firm other than PricewaterhouseCoopers

16 Rights in timber licences

	31.7.2004	Group 31.1.2003	31.7.2004	Company 31.1.2003
	RM	RM	RM	RM
At cost	212,883,016	183,446,732	183,446,732	183,446,732
Add: Arising from acquisition of a subsidiary	-	29,436,284	-	-
	<hr/> 212,883,016	<hr/> 212,883,016	<hr/> 183,446,732	<hr/> 183,446,732
Less: Accumulated amortisation	(69,463,701)	(42,925,393)	(63,179,550)	(42,594,648)
	<hr/> <hr/> 143,419,315	<hr/> <hr/> 169,957,623	<hr/> <hr/> 120,267,182	<hr/> <hr/> 140,852,084

17 Goodwill/reserve on consolidation

	31.7.2004	Group 31.1.2003
	RM	RM
Goodwill on consolidation		
Acquisition of subsidiaries	11,658,293	11,658,293
Less: Accumulated amortisation	(8,233,910)	(6,791,051)
Less: Goodwill written off	(1,019,620)	(1,019,620)
	<hr/> 2,404,763	<hr/> 3,847,622
Reserve on consolidation		
Acquisition of subsidiaries	64,791,069	50,772,607
Add: Arising from acquisition of a subsidiary	-	14,018,462
Less: Accumulated amortisation	(40,299,043)	(30,580,384)
	<hr/> <hr/> 24,492,026	<hr/> <hr/> 34,210,685

18 Long term receivables

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
Advanced payment for purchase of timber logs	22,680,632	25,213,086	22,680,632	25,213,086
Advances to sub-contractors	4,455,890	-	-	-
	27,136,522	25,213,086	22,680,632	25,213,086

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

Advances to sub-contractors are unsecured, interest free and were made to allow the sub-contractors to finance the purchase of machinery and equipment. The advance is set-off against future contract fees payable to sub-contractors.

19 Inventories

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
At cost				
Raw materials				
- Logs	14,746,946	12,788,358	7,825,761	7,671,445
- Waste timber	445,707	270,278	-	-
Finished goods				
- Finger joint moulding	207,739	899,118	-	-
- Particleboard	2,250,736	4,324,107	-	-
- Plywood and veneer	23,140,632	19,549,811	-	-
- Sawn timber	2,089,110	3,357,787	-	-
Work-in-progress	4,727,194	4,400,826	-	-
General stores	16,217,665	14,633,929	-	-
Nursery stocks and tree planting expenditure	1,441,815	-	-	-
	65,267,544	60,224,214	7,825,761	7,671,445

19 **Inventories** (con'd)

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
At net realisable value				
Finished goods				
- Sawn timber	1,052,897	-	-	-
	66,320,441	60,224,214	7,825,761	7,671,445

Included in the nursery stocks and tree planting expenditure are the following expenses incurred during the period:

	31.7.2004	Group
	RM	31.1.2003
		RM
Depreciation	17,148	-
Staff cost	338,331	-

20 **Trade and other receivables**

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
Trade receivables	28,519,673	24,050,949	7,988,289	11,858,891
Less: Allowance for doubtful debts	(1,649,224)	(181,037)	(25,176)	(25,176)
	26,870,449	23,869,912	7,963,113	11,833,715
Advances to sub-contractors	881,564	-	-	-
Other receivables	2,489,609	1,215,935	880,260	63,350
Deposits	2,206,032	1,226,237	1,258,895	6,660
Prepayments	2,909,234	4,137,985	2,662,501	2,686,005
	35,356,888	30,450,069	12,764,769	14,589,730

20 Trade and other receivables (con'd)

The currency exposure profile of trade receivables is as follows:

	31.7.2004	Group 31.1.2003	31.7.2004	Company 31.1.2003
	RM	RM	RM	RM
- Ringgit Malaysia	11,143,668	16,340,643	3,375,817	8,157,698
- US Dollar	17,376,005	7,587,838	4,612,472	3,701,193
- Euro	-	122,468	-	-
	28,519,673	24,050,949	7,988,289	11,858,891

Credit terms of trade receivables are assessed and approved on a case-by-case basis and range from payment in advance to 180 days (31.1.2003: payment in advance to 180 days).

Trade receivables of the Group and the Company include amounts of RM3,472,426 (31.1.2003: RM9,106,016) and RM953,717 (31.1.2003: RM3,947,005) 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.

21 Amounts due from/(to) subsidiaries

	31.7.2004	Company 31.1.2003
	RM	RM
Amounts due from subsidiaries	26,297,874	23,571,181
Less: Allowance for doubtful debts	(7,062,485)	(7,462,485)
	19,235,389	16,108,696

21 Amounts due from/(to) subsidiaries (con'd)

	31.7.2004	Company
	RM	31.1.2003
		RM
Amount due to a subsidiary	(17,715,016)	-
Advances from a subsidiary	(27,400,000)	(27,400,000)
	<u>(45,115,016)</u>	<u>(27,400,000)</u>

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

22 Deposits, bank and cash balances

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
Deposits with licensed banks	43,602,805	27,548,550	3,500,000	7,629,988
Bank and cash balances	5,932,856	10,274,724	278,319	435,779
	<u>49,535,661</u>	<u>37,823,274</u>	<u>3,778,319</u>	<u>8,065,767</u>

The currency exposure profile of deposits, bank and cash balances is as follows:

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
- Ringgit Malaysia	49,535,661	37,823,050	3,778,319	8,065,767
- US Dollar	-	224	-	-
	<u>49,535,661</u>	<u>37,823,274</u>	<u>3,778,319</u>	<u>8,065,767</u>

22 Deposits, bank and cash balances (con'd)

The weighted average interest rate of deposits that was effective as at the balance sheet date was as follows:

	31.7.2004	Group 31.1.2003	31.7.2004	Company 31.1.2003
	%	%	%	%
Deposits with licensed banks	2.8	3.0	2.8	3.0

Deposits of the Group and Company have an average maturity period of 4 days to 3 months (31.1.2003: 1 day to 3 months). Bank balances are deposits held at call with banks.

23 Trade and other payables

	31.7.2004	Group 31.1.2003	31.7.2004	Company 31.1.2003
	RM	RM	RM	RM
Trade payables	46,715,405	48,659,688	11,830,507	15,624,417
Other payables	10,168,769	376,033	8,369,709	-
Deposits	528,521	627,730	58,800	284,730
Trade accruals	6,838,782	16,003,593	4,597,994	8,737,713
	64,251,477	65,667,044	24,857,010	24,646,860

The currency exposure profile of trade payables is as follows:

	31.7.2004	Group 31.1.2003	31.7.2004	Company 31.1.2003
	RM	RM	RM	RM
- Ringgit Malaysia	46,307,642	46,282,951	11,830,507	15,624,417
- US Dollar	34,885	208,404	-	-
- Euro	98,366	21,662	-	-
- Japanese Yen	274,512	2,146,671	-	-
	46,715,405	48,659,688	11,830,507	15,624,417

23 Trade and other payables (con'd)

Credit terms of trade payables granted to the Group vary from cash term to credit of 180 days (31.1.2003: cash term to credit of 180 days).

Trade payables of the Group and the Company include amounts of RM23,909,096 (31.1.2003: RM25,919,022) and RM7,599,259 (31.1.2003: RM7,317,978) 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.

Trade accruals of the Group and the Company include amounts of RM299,212 and RM108,962 (31.1.2003: RM501,544 and RM187,010) which represents amount payable for the contribution to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group and the Company has no further payment obligations.

24 Borrowings (unsecured and interest bearing)

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
Current				
Bank overdraft	662,578	-	662,578	-
Term loans	32,641,000	8,000,000	26,000,000	8,000,000
	<u>33,303,578</u>	<u>8,000,000</u>	<u>26,662,578</u>	<u>8,000,000</u>
Non-current				
Term loans	69,152,000	104,290,046	58,000,000	92,000,000
	<u>69,152,000</u>	<u>104,290,046</u>	<u>58,000,000</u>	<u>92,000,000</u>
Total				
Bank overdraft	662,578	-	662,578	-
Term loans	101,793,000	112,290,046	84,000,000	100,000,000
	<u>102,455,578</u>	<u>112,290,046</u>	<u>84,662,578</u>	<u>100,000,000</u>

The term loan of the Company is repayable over eight bi-annual instalments commencing September 2003, with the first two instalments payable at RM8,000,000 each, the third to sixth instalment at RM13,000,000 each and the last two instalments at RM16,000,000 each. The term loans of a subsidiary are repayable over 36 monthly instalments commencing in the third year from the date of the first drawdown. The date of the first drawdown is 21 March 2002. Interest is to be serviced on monthly basis. The term loans are secured against corporate guarantee of the Company and against a negative pledge. These term loans contain 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.

24 Borrowings (unsecured and interest bearing) (con'd)

The effective interest rates are as follows:

	31.7.2004	Group 31.1.2003	31.7.2004	Company 31.1.2003
	%	%	%	%
Term loans	6.09	6.11	6.50	6.50
Currency exposure profile - Ringgit Malaysia	102,455,578	112,290,046	84,662,578	100,000,000

Estimated fair values

The fair values of the term loans with maturity more than one year at the balance sheet date are set out below:

	Carrying amount RM	Group Fair value RM	Carrying amount RM	Company Fair value RM
Term loans	69,152,000	62,944,047	58,000,000	52,626,543

The bank overdraft of the Company is unsecured, and interest is charged at 1.00% per annum at daily rests above base lending rate (presently at 6.00% per annum).

25 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

25 **Deferred tax** (con'd)

	31.7.2004	Group 31.1.2003	31.7.2004	Company 31.1.2003
	RM	RM	RM	RM
Deferred tax assets	2,572,130	13,722,930	-	-
Deferred tax liabilities	(1,559,883)	(866,000)	(1,270,000)	(866,000)
	<u>1,012,247</u>	<u>12,856,930</u>	<u>(1,270,000)</u>	<u>(866,000)</u>

	18 months ended 31.7.2004	Group Year ended 31.1.2003	18 months ended 31.7.2004	Company Year ended 31.1.2003
	RM	RM	RM	RM
At start of period/year	12,856,930	17,763,730	(866,000)	-
Credited/Charged to income statement (Note 10)				
- property, plant and equipment	(11,483,553)	(3,906,620)	(404,000)	(866,000)
- tax losses	(361,130)	(1,000,180)	-	-
At end of period/year	<u>1,012,247</u>	<u>12,856,930</u>	<u>(1,270,000)</u>	<u>(866,000)</u>

	31.7.2004	Group 31.1.2003	31.7.2004	Company 31.1.2003
	RM	RM	RM	RM
Deferred tax assets (before offsetting)				
- Property, plant and equipment	13,930,568	28,387,900	-	-
- Tax losses	2,288,562	2,898,030	-	-
	<u>16,219,130</u>	<u>31,285,930</u>	<u>-</u>	<u>-</u>
Offsetting	(13,647,000)	(17,563,000)	-	-
Deferred tax assets (after offsetting)	<u>2,572,130</u>	<u>13,722,930</u>	<u>-</u>	<u>-</u>

25 Deferred tax (con'd)

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	(15,206,883)	(18,429,000)	(1,270,000)	(866,000)
	(15,206,883)	(18,429,000)	(1,270,000)	(866,000)
Offsetting	13,647,000	17,563,000	-	-
Deferred tax liabilities (after offsetting)	(1,559,883)	(866,000)	(1,270,000)	(866,000)

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet are as follows:

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
Deductible temporary differences	10,948,562	12,028,000	-	-
Tax losses	5,919,579	5,886,579	-	-

26 Share capital

	Group and Company	
	31.7.2004	31.1.2003
	RM	RM
Authorised:		
Ordinary shares of RM1 each	1,000,000,000	1,000,000,000
Issued and fully paid:		
Ordinary shares of RM1 each	200,000,000	200,000,000

26 Share capital (con'd)

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 17 June 2003, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the period, the Company repurchased 12,198,800 of its issued share capital from the open market on the Bursa Malaysia for RM31,778,706. The average price paid for the shares repurchased was approximately RM2.60 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 67A of Companies Act 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended. None of the treasury shares repurchased has been sold as at 31 July 2004.

27 Retained earnings

The Company has sufficient Section 108 tax credits to frank all (31.1.2003: Nil) of its retained earnings as at 31 July 2004 if paid out as dividends.

28 Change in accounting policy

During the period, the Group changed its accounting policy to comply with the following new MASB Standard:

- MASB 25 "Income Taxes"

Deferred tax

In previous years, the tax effect of timing differences that resulted in a debit balance or a debit to the deferred tax balance was not carried forward unless there was a reasonable expectation of its realisation.

The potential tax saving relating to a tax loss carry forward was only recognised if there was assurance beyond any reasonable doubt that future taxable income would be sufficient for the benefit of the loss to be realised.

The Group has now changed its accounting policy to recognise deferred tax on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying values in financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences or unused tax losses can be utilised.

This change in accounting policy has been accounted for retrospectively.

28 Change in accounting policy (con'd)

Deferred tax (con'd)

The new accounting policy has the effect of reducing the Group's net profit for the eighteen months ended 31 July 2004 by RM11,150,800. The other effects of the change on the Group's and Company's financial statements are as follows:

Group	As previously reported RM	Effect of change in policy RM	As restated RM
At 1 February 2002			
Retained earnings	12,007,102	17,763,730	29,770,832
Year ended 31 January 2003			
Net profit for the year	37,194,546	(4,040,800)	33,153,746
At 31 January 2003			
Deferred tax assets	-	(13,722,930)	(13,722,930)
Deferred tax liabilities	866,000	-	866,000
Retained earnings	49,201,648	13,722,930	62,924,578

29 Cash and cash equivalents

	31.7.2004 RM	Group 31.1.2003 RM	31.7.2004 RM	Company 31.1.2003 RM
Deposits, bank and cash balances (Note 22)	49,535,661	37,823,274	3,778,319	8,065,767
Less: Bank overdraft (Note 24)	(662,578)	-	(662,578)	-
Cash and cash equivalents	48,873,083	37,823,274	3,115,741	8,065,767

30 Significant related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other 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.

30 Significant related party disclosures (con'd)

(a) Transactions with subsidiaries

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Sale of logs to:				
- Subur Tiasa Plywood Sdn. Bhd.	-	-	(102,300,733)	(64,077,195)
- Trimogreen Sdn. Bhd.	-	-	(16,072,145)	(9,117,498)
- Sarawak Plywood (M) Sdn. Bhd.	-	-	(434,892)	-
Sale of waste wood to:				
- Subur Tiasa Particleboard Sdn. Bhd.	-	-	(390,991)	(217,478)
Purchase of sawn timber from:				
- Trimogreen Sdn. Bhd.	-	-	18,721	61,097
Purchase of logs from:				
- Sarawak Plywood (M) Sdn. Bhd.	-	-	3,708,218	-

(b) Transactions with companies in which certain Directors and substantial shareholders have financial interests:

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Air tickets charges paid/payable to:				
- R. H. Tours and Travel Agency Sdn. Bhd. *®	273,212	146,965	205,675	79,210
Freight and handling charges paid/payable to:				
- Caswan Jaya Sdn. Bhd.	1,532,702	746,602	-	-
- Continental Spectrum Sdn. Bhd. ^	240,730	278,252	-	173,485
- Globalcom Sdn. Bhd. ^	32,313	137,703	-	104,534
- Hornbilland Bhd. ^	273,969	349,291	-	275,840
- Jaras Sdn. Bhd. *	239,566	155,451	239,566	155,451

30 Significant related party disclosures (con'd)

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
- Jaya Tiasa Holdings Berhad*	537,130	468,568	537,130	468,568
- Lajong Lumber Company Sdn. Bhd.*	107,796	-	-	-
- Laut Sepakat Sdn. Bhd.	901,081	593,221	901,081	593,221
- Onward Shipping Sdn. Bhd.#	2,447,852	2,225,960	-	-
- Rimbunan Hijau Sdn. Bhd.*@	66,604	216,231	-	216,231
- Syarikat Perkapalan C. H. Ling Sdn. Bhd. #	10,411,776	6,666,251	-	-
- Taman Logging Sdn. Bhd.*@^	2,899,470	2,096,311	2,899,470	2,096,311
- Tenaga Bangsawan Sdn. Bhd.	636,029	500,292	635,029	461,037
- Twinfield Sdn. Bhd.*^	110,382	99,221	110,382	99,221
- Vital Focus Shipping Sdn. Bhd.^	111,826	451,414	-	379,384
Helicopter charter charges paid/payable to:				
- Jaya Tiasa Aviation Sdn. Bhd. (previously known as Bonhin Sdn. Bhd.)*@	199,950	122,180	199,950	122,180
Insurance charges paid/payable to:				
- Evershine Agency Sdn. Bhd.*^	292,686	940,404	114,516	106,495
- Harmony Agencies Sdn. Bhd.*^	50,276	316,448	2,853	23,812
Logging contract fee paid/payable to:				
- Baram Lumber Development Sdn. Bhd.*@^	37,425,980	28,379,754	37,425,980	28,379,754
- Borneo Tunas Sdn. Bhd.*@	22,273,561	19,923,927	22,273,561	19,923,927
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	56,484,272	3,041,966	-	-
- Sovereign Hill Sdn. Bhd.*@^	21,335,560	15,832,392	21,335,560	15,832,392
- Sunplus Resources Sdn. Bhd.*@	57,190,576	43,399,848	57,190,576	43,399,848
Purchase of property, plant and equipment from:				
- Baram Lumber Development Sdn. Bhd.*@	456,000	2,366,260	456,000	2,366,260
- Comserv (Sarawak) Sdn. Bhd.*	415,398	25,959	370,538	5,036
- Pan Sarawak Co Sdn. Bhd.	361,561	21,150	163,211	21,150
- Rimbunan Hijau General Trading Sdn. Bhd.*@	395,470	149,158	44,251	72,158
- Rimbunan Hijau Holdings Sdn. Bhd.*@^	-	12,500	-	12,500
- Sunplus Resources Sdn. Bhd.*@	7,711,500	6,535,274	7,711,500	6,535,274
- Jaya Tiasa Plywood Sdn. Bhd.*@	-	48,000	-	-
- Rejang Height Sdn. Bhd.*@	109,119	-	-	-

30 Significant related party disclosures (con'd)

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Marketing fee paid/payable to:				
- Rimbunan Hijau Sdn. Bhd.*@	2,328,371	1,433,487	2,328,371	1,433,487
Purchase of consumable stores from:				
- Comserv (Sarawak) Sdn. Bhd.*	40,001	13,671	22,634	4,752
- Jaya Tiasa Plywood Sdn. Bhd.*@	49,238	28,255	-	-
- Jaya Tiasa R&D Sdn. Bhd.*@	245,162	-	-	-
- Lajong Lumber Company Sdn. Bhd.*	1,033,476	40,177	-	-
- Marabong Lumber Sdn. Bhd.*@^	-	20,000	-	-
- Pan Sarawak Co Sdn. Bhd.	738,692	362,143	123,324	1,035
- Rimbunan Hijau General Trading Sdn. Bhd.*@	2,574,042	649,664	-	-
- Taman Logging Sdn. Bhd.*@	-	12,644	-	12,644
- Tiong Toh Siong & Sons Sdn. Bhd.*@	936,620	2,449,165	-	-
- Transport Resources Sdn. Bhd.*@	-	26,840	-	26,840
Purchase of electricity from:				
- Jaya Tiasa Timber Products Sdn. Bhd.*@	1,267,418	990,879	-	-
Purchase of logs from:				
- Binamewah Sdn. Bhd.*^	-	122,159	-	122,159
- Jaya Tiasa Holdings Berhad *	451,674	908,465	-	465,312
- Lukutan Enterprises Sdn. Bhd.*@	-	84,600	-	41,982
- Rimbunan Hijau Sdn. Bhd.*@	23,880,721	1,838,291	77,655	-
- Rejang Height Sdn. Bhd.*@	1,833,904	-	1,833,904	-
- Rimbunan Hijau Southeast Asia Sdn. Bhd.*@	14,234,996	-	412,260	-
- Twinfield Sdn. Bhd.*^	163,011	-	163,011	-
Purchase of raw materials from:				
- Petanak Enterprises Sdn. Bhd.*	30,708,733	18,725,348	-	-
- Sarawak Forest Product Sdn. Bhd.*@	33,900	8,100	-	-
Purchase of waste timber from:				
- Borneo Lumber Industries Sdn. Bhd.	152,288	75,088	-	-
- Unique Wood Sdn. Bhd.	289,724	137,186	-	-
- Rejang Height Sdn. Bhd.*@	151,645	-	-	-

30 Significant related party disclosures (con'd)

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Rental of land paid/payable to:				
- Rimbunan Hijau Sdn. Bhd.*@	129,600	86,400	-	-
- Tiong Toh Siong Holdings Sdn. Bhd.*@ ^	15,300	10,200	-	-
- Transport Resources Sdn. Bhd.*@	-	68,000	-	68,000
Sales of property, plant and equipment to:				
- Rimbunan Hijau Holdings Sdn. Bhd.*@	-	(74,051)	-	-
- Mafrica Trading Sdn. Bhd.*	(750,000)	-	-	-
- Perpuluhan Jaya Sdn. Bhd.*	(100,000)	-	-	-
Rental income from:				
- Perpuluhan Jaya Sdn. Bhd.*	(37,500)	(25,800)	-	-
- Tiong Toh Siong Holdings Sdn. Bhd.*@ ^	(352,800)	-	(352,800)	-
Sales of electricity to:				
- Perpuluhan Jaya Sdn. Bhd.*	(873,835)	(695,938)	-	-
- Jaya Tiasa Holdings Bhd.*	(53,368)	(36,695)	-	-
Sales of logs to:				
- Borneo Lumber Industries Sdn. Bhd.	(4,352,742)	(3,514,692)	(4,352,742)	(3,514,692)
- Jaya Tiasa Holdings Berhad *	-	(17,620)	-	(17,620)
- Jaya Tiasa Timber Products Sdn. Bhd.*@	-	(37,057)	-	(37,057)
- Rimbunan Hijau Sdn. Bhd.*@	(22,136,763)	(2,593,319)	(1,047,375)	(183,358)
- Perpuluhan Jaya Sdn. Bhd.*	(2,046,808)	(1,690,065)	(351,462)	(1,690,065)
- Twinfield Sdn. Bhd.* ^	-	(4,473,632)	-	(4,473,632)
- Unique Wood Sdn. Bhd.	(326,119)	(815,338)	(326,119)	(815,338)
- Rimbunan Hijau Southeast Asia Sdn. Bhd.*@	(7,627,457)	-	-	-
Sales of moulding to:				
- Tiong Toh Siong & Sons Sdn. Bhd.*@	-	(50,676)	-	-
Sales of plywood to:				
- Tiong Toh Siong & Sons Sdn. Bhd.*@	-	(10,147)	-	-
Sales of waste timber to:				
- Jaya Tiasa Timber Products Sdn. Bhd.*@	(94,840)	(70,340)	-	-
- Jaya Tiasa Plywood Sdn. Bhd.*@	-	(50,175)	-	-

30 Significant related party disclosures (con'd)

	18 months ended 31.7.2004 RM	Group Year ended 31.1.2003 RM	18 months ended 31.7.2004 RM	Company Year ended 31.1.2003 RM
Maintenance services income received/receivable:				
- Perpuluhan Jaya Sdn. Bhd.*	(35,000)	(60,000)	-	-
Contract fee income:				
- Rejang Height Sdn. Bhd.*@	(1,063,551)	-	-	-

* These are companies in which Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, a substantial shareholder of the Company 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, a member of the family of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King and a director of Subur Tiasa Particleboard Sdn. Bhd., Subur Tiasa Plywood Sdn. Bhd., Trimogreen Sdn. Bhd. and Petanak Enterprises Sdn. Bhd. has deemed interest by virtue of his substantial shareholding in C O Tiong Holding Sdn. Bhd..

^ These are companies in which Tiong Chiong Ie, a director of Rimbunan Hijau Sdn. Bhd., Tiong Toh Siong Holdings Sdn. Bhd., Continental Spectrum Sdn. Bhd., Globalcom Sdn. Bhd., Hornbilland Bhd. and Sarawak Plywood (M) Sdn. Bhd. has substantial interest, either direct or indirect interest.

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

(a) YBhg Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh

Deemed interested in Jaya Tiasa Holdings Berhad by virtue of his substantial shareholding in Amanas Sdn. Bhd. up to 12 February 2004.

(b) Tiong Kiong King

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

30 Significant related party disclosures (con'd)

(b) Tiong Kiong King (con'd)

Director of the following companies:

- Rimbunan Hijau Sdn. Bhd.;
- Tiong Toh Siong Holdings Sdn. Bhd.; and
- Lajong Lumber Company Sdn. Bhd..

Substantial shareholder of the following companies:

- Baram Lumber Development Sdn. Bhd.;
- Sovereign Hill Sdn. Bhd.;
- Binamewah Sdn. Bhd.;
- Tiong Toh Siong Holdings Sdn. Bhd.;
- Harmony Agencies Sdn. Bhd.;
- Twinfield Sdn. Bhd.;
- Taman Logging Sdn. Bhd.;
- Marabong Lumber Sdn. Bhd.;
- Rimbunan Hijau Holdings Sdn. Bhd.; and
- Globalcom Sdn. Bhd..

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

Deemed interested in Perpuluhan Jaya Sdn. Bhd. by virtue of his substantial shareholding in Biru-Hijau Enterprise Sdn. Bhd..

(c) 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.;
- Petanak Enterprises Sdn. Bhd.;
- Subur Tiasa Particleboard Sdn. Bhd.;
- Sarawak Plywood (M) Sdn. Bhd.;
- Subur Tiasa Plywood 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..

30 Significant related party disclosures (con'd)

(c) **Tiong Ing** (con'd)

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 is deemed interested in Pan Sarawak Co Sdn. Bhd. by virtue of his substantial shareholding in Pan Sarawak Holdings Sdn. Bhd..

31 Commitments

(a) **Capital commitment**

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

	31.7.2004	Group	31.7.2004	Company
	RM	31.1.2003	RM	31.1.2003
		RM		RM
Authorised and contracted for	17,692,241	1,731,400	10,553,015	-
Authorised and not contracted for	4,251,734	6,745,197	-	-
	21,943,975	8,476,597	10,553,015	-
Analysed as follows:				
- Property, plant and equipment	11,390,960	8,476,597	-	-
- Acquisition of Palmlyn Sdn. Bhd.	10,553,015	-	10,553,015	-
	21,943,975	8,476,597	10,553,015	-

31 Commitments (con'd)

(b) Operating lease commitments

The future minimum lease payments under non-cancellable operating are as follows:

	31.7.2004 RM	Group 31.1.2003 RM
Not later than 1 year	96,600	96,600
Later than 1 year and not later than 5 years	193,200	193,200
	289,800	289,800

32 Contingent liabilities (unsecured)

	31.7.2004 RM	Group 31.1.2003 RM	31.7.2004 RM	Company 31.1.2003 RM
Guarantees provided for banking facilities of subsidiaries	-	-	77,045,000	77,045,000
Guarantees to the Forest Department of the State of Sarawak for royalty payment	6,820,000	5,820,000	5,820,000	5,820,000
Guarantees to the Labour Department for foreign workers employed	870,500	812,700	-	20,600
	7,690,500	6,632,700	82,865,000	82,885,600

33 Financial instruments

(a) Forward foreign exchange contract

Forward foreign exchange contract is entered into by the Company and a subsidiary in currency other than its functional currency to manage exposure to fluctuations in foreign currency exchange rate on specific transaction. In general, the Group's policy is to enter into forward foreign exchange contracts for confirmed foreign currency receipts and payments when it is deemed necessary.

33 Financial instruments (con'd)

(a) Forward foreign exchange contract (con'd)

At 31 July 2004, the settlement date on open forward contracts ranged between 16 and 207 days. The foreign currency amounts and contractual exchange rate of the Group's outstanding contract are as follows:

Hedged item	Currency to be received	RM equivalent	Contractual rate
Trade receivable: USD29,469,492	US Dollar	112,202,222	1RM = USD0.2626

The fair values of outstanding forward contracts of the Group at the balance sheet date approximated their book values.

(b) Credit risk

The Group and Company has no significant concentrations of credit risk except that the majority of its deposits are placed with major financial institutions in Malaysia.

(c) Fair values

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except as set out below:

	Carrying amount RM	31.7.2004 Fair value RM	Carrying amount RM	Group 31.1.2003 Fair value RM
Long term receivables	27,136,522	20,249,369	25,213,086	16,807,358
	Carrying amount RM	31.7.2004 Fair value RM	Carrying amount RM	Company 31.1.2003 Fair value RM
Long term receivables	22,680,632	16,045,699	25,213,086	16,807,358

34 Segment reporting

The Group adopts business segment analysis as its primary reporting format and geographical segment as its secondary reporting format.

The Group is organised into two main business segments:

- Logs trading - Extraction and sale of logs
- Manufacturing - Manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger joint moulding and supply of energy.
- Others - Tree planting (reforestation)

Intersegment revenue comprise sales of logs and sawn timber between the logs trading and manufacturing segment on terms negotiated between the parties concerned.

(a) Primary reporting format - business segments

18 months ended 31 July 2004

	Logs Trading RM	Manufacturing RM	Others RM	Group RM
Revenue				
Total revenue	469,986,337	378,625,918	1,063,551	849,675,806
Intersegment revenue	(151,896,668)	(5,781,891)	-	(157,678,559)
External revenue	318,089,669	372,844,027	1,063,551	691,997,247
Results				
Profit from operations	41,505,817	59,970,970	(181,578)	101,295,209
Finance costs				(10,290,461)
Profit from ordinary activities before tax				91,004,748
Tax				(27,986,937)
Net profit for the period				63,017,811

34 **Segment reporting** (con'd)

(a) **Primary reporting format - business segments** (con'd)

As at 31 July 2004

Other information

	Logs Trading RM	Manufacturing RM	Others RM	Group RM
Segment assets	305,111,772	312,891,880	14,582,669	632,586,321
Unallocated assets	3,126,404	674,189	3,700	3,804,293
Total assets				<u>636,390,614</u>
Segment liabilities	200,785,863	66,723,696	9,786,987	277,296,546
Total liabilities				<u>277,296,546</u>
Capital expenditure	15,219,773	21,151,858	1,633,202	38,004,834
Depreciation	3,540,731	32,103,776	17,274	35,661,781
Amortisation of timber rights	26,538,308	-	-	<u>26,538,308</u>

34 **Segment reporting** (con'd)

(a) **Primary reporting format - business segments** (con'd)

Year ended 31 January 2003

	Logs Trading RM	Manufacturing RM	Group RM
Revenue			
Total revenue	237,519,217	208,913,229	446,432,446
Intersegment revenue	(73,412,171)	(2,041,263)	(75,453,434)
External revenue	164,107,046	206,871,966	370,979,012

Results

	Logs Trading RM	Manufacturing RM	Group RM
Profit from operations	25,239,767	27,745,841	52,985,608
Finance costs			(6,864,623)
Profit from ordinary activities before tax			46,120,985
Tax			(12,967,239)
Net profit for the year			33,153,746

34 **Segment reporting** (con'd)

(a) **Primary reporting format - business segments** (con'd)

As at 31 January 2003

Other information

	Logs Trading RM	Manufacturing RM	Group RM
Segment assets	298,372,800	281,757,899	580,130,699
Unallocated assets			2,903,057
Total assets			<u>583,033,756</u>
Segment liabilities	168,378,590	57,840,159	226,218,749
Total liabilities			<u>226,218,749</u>
Capital expenditure	10,698,607	31,722,825	42,421,432
Depreciation	1,266,667	19,127,474	20,394,141
Amortisation of timber rights	14,054,013	-	<u>14,054,013</u>

34 Segment reporting (con'd)

(b) Secondary reporting format - geographical segments

In determining the geographical segments of the Group, revenue are based on the country in which the customer is based.

With the exception of the countries disclosed below, no other individual country contributed more than 10% of consolidated revenue.

	18 months ended 31.7.2004 RM	Year ended 31.1.2003 RM
South Korea	106,154,654	82,412,180
Malaysia	148,818,987	62,140,642
Japan	62,028,662	50,471,806
India	99,905,482	41,557,763
Taiwan	79,284,179	41,504,699
Vietnam	44,800,109	29,063,821
Other countries	151,005,174	63,828,101
	691,997,247	370,979,012

35 Event subsequent to balance sheet date

On 30 September 2004, the Company acquired 100% of the equity interest in Palmlyn Sdn. Bhd., comprising 10,000 ordinary shares of RM1.00 each, for a total cash consideration of RM11,737,250.

36 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 8 November 2004.

list of properties as at 31 July 2004

Location	Tenure	Existing Use	Land Area (Hectares)	Approximate Age of Building	Net Book Value as at 31/07/04 (RM)	Date of Acquisition
Subur Tiasa Plywood Sdn Bhd						
Lot 96, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2031	vacant	2.315	-	451,695	04.09.1998
Lot 97, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2026	vacant	1.5621	-	396,331	09.10.1996
Lot 270, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2026	vacant	2.035	-	552,705	08.01.1995
Lot 272, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2026	vacant	2.286	-	648,885	28.01.1995
Lot 1494, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2029	vacant	0.1921	-	72,663	25.08.1997
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25 Sep, 2057	factory, office, welfare building	24.054	15 years	22,723,584	31.03.1989
Lot 101, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2029	vacant	2.185	-	676,611	31.07.2000
Lot 103, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2029	vacant	1.4043	-	434,918	31.07.2000
R H Timber Processing Industries Sdn Bhd						
Lot 250, Block 10, Sibau Town District (9, Jalan Poh Yew, 96000 Sibau)	Leasehold land expiring on 10 Jun, 2050	residential use	0.1104	12 years	5,784	01.07.1992
Lot 113, Block 3, Sare Land District	Leasehold land expiring on 02 May, 2053	factory, office, welfare building	-	12 years	101,616	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	-	10 years	19,887,196	30.12.1994
Trimogreen Sdn Bhd						
Lot 113, Block 3, Sare Land District	Leasehold land expiring on 02 May, 2053	factory, office, welfare building	-	11 years	2,074,589	31.12.1993
Homet Raya Sdn Bhd						
Lot 82, Block 3, Sare Land District	Leasehold land expiring on 22 Sep, 2052	factory, office building	-	9 years	460,452	09.01.1995
Sarawak Plywood (M) Sdn Bhd						
Kuala Temala, Baram	-	factory, office, welfare building	-	21 years	661,734	01.01.1983
Lot 247, Block 9, Beautiful Jade Centre, Miri Concession Land District	Leasehold land expiring on 27 Jun, 2039	office building	0.0111	24 years	1	20.05.1980
Subur Tiasa Holdings Bhd						
Lot 854-866, Block 10, Sibau Town District	Leasehold land expiring on 30 Sep, 2054	office building	0.2123	3 years	12,791,843	01.06.2001
Lot 701, Block 5, Miri Concession Land District	Leasehold land expiring on 27 Dec, 2036	residential use	0.0720	27 years	321,766	20.02.2004

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

Holdings	No. of Holders	Total Holdings	%
less than 100	7	149	#
100 to 1,000	3,478	3,461,278	1.86
1,001 to 10,000	2,489	9,325,179	5.00
10,001 to 100,000	286	7,361,502	3.95
100,001 to less than 5% of issued shares	45	53,560,201	28.72
5% and above of issued shares	5	112,759,391	60.47
Total	6,310	186,467,700*	100.00*

Negligible

* Excluding 13,532,300 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 28 October 2004.

list of thirty largest shareholders as at 28 October 2004

	NO. OF ORDINARY SHARES OF RM1.00 EACH	PERCENTAGE (%)
1. Tiong Toh Siong Holdings Sdn. Bhd.	60,000,000	32.18
2. Raya Abadi Sdn. Bhd.	16,130,984	8.65
3. Kinta Hijau Sdn. Bhd.	16,130,983	8.65
4. Twintop Sdn. Bhd.	10,497,424	5.63
5. Mayban Nominees (Tempatan) Sdn. Bhd. - DBS Bank for Twintop Sdn. Bhd. (200782)	10,000,000	5.36
6. Bahagia Abadi Timber Industries Sdn. Bhd.	6,080,983	3.26
7. HSBC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Bahagia Abadi Timber Industries Sdn. Bhd. (323-160416-089)	6,000,000	3.22
8. Permodalan Nasional Berhad	4,945,200	2.65
9. Zen Tak Properties Sdn. Bhd.	4,543,400	2.44
10. DB (Malaysia) Nominee (Asing) Sdn. Bhd. - UBS AG Singapore for Pacific Investment Fund	3,499,000	1.88
11. Tiong Toh Siong & Sons Sdn. Bhd.	3,340,012	1.79
12. Teck Sing Lik Enterprise Sdn. Bhd.	3,272,121	1.75
13. HSBC Nominees (Asing) Sdn. Bhd. - JPMorgan International Bank for Roxton Investments Limited	2,692,661	1.45
14. Serrano Group Limited	2,419,600	1.30
15. OSK Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Wong Yiing Ngiik	1,753,000	0.94
16. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Thai King	1,309,067	0.70
17. Sarawak Economic Development Corporation	1,293,000	0.69
18. AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,196,789	0.64
19. Teck Sing Lik Enterprise Sdn. Bhd.	1,185,000	0.64
20. Diong Hiew King @ Tiong Hiew King	900,584	0.48
21. HSBC Nominees (Asing) Sdn. Bhd. - JPMorgan Chase Bank for Roxton Investments Limited (Account 2)	890,440	0.48
22. Tiong Chiong Ong	847,058	0.45
23. Tiong Ing	739,156	0.40
24. Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Law Cheng King (E-JCL)	598,749	0.32
25. Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Koperasi Polis Diraja Malaysia Bhd (514011315674)	532,560	0.29
26. Minister Of Finance - Akaun Jaminan Pinjaman Kerajaan Persekutuan	517,560	0.28
27. Mayban Nominees (Asing) Sdn. Bhd. - DBS Bank for Bloomswick Ltd. (200890)	506,000	0.27
28. HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Berhad for RHB Balanced Fund (3936)	400,000	0.21
29. Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Law Cheng King Enterprise Sdn. Bhd. (E-JCL)	373,347	0.20
30. Zakiah Binti Abd Rahman	344,000	0.18
	162,938,678	87.38

NAME	NO OF SHARES		
	DIRECT INTEREST (REGISTERED IN OWN NAME)	DIRECT INTEREST (HELD THROUGH NOMINEES)	DEEMED INTEREST
1. Tiong Toh Siong Holdings Sdn. Bhd.	60,000,000 (32.18%)	-	23,837,436 ^{*1} (12.78%)
2. Raya Abadi Sdn. Bhd.	16,130,984 (8.65%)	-	-
3. Kinta Hijau Sdn. Bhd.	16,130,983 (8.65%)	-	-
4. Twintop Sdn. Bhd.	10,497,424 (5.63%)	10,000,000 (5.36%)	-
5. Bahagia Abadi Timber Industries Sdn. Bhd.	6,080,983 (3.26%)	6,000,000 (3.22%)	-
6. Teck Sing Lik Enterprise Sdn. Bhd.	4,457,121 (2.39%)	-	83,837,436 ^{*2} (44.96%)
7. Tan Sri Datuk Diong Hiew King @ Tiong Hiew King	1,056,305 (0.57%)	-	88,294,557 ^{*3} (47.35%)

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

*2 Deemed interested by virtue of its substantial shareholding in Tiong Toh Siong Holdings Sdn. Bhd., Twintop Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd..

*3 Deemed interested by virtue of his 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..

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Subur Tiasa Holdings Berhad

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

Form of Proxy

I/We _____ (Name in full) _____ (IC/Passport/Company No.) of _____ (Address) being a member/members of the abovenamed Company hereby appoint _____ (Name in full) of _____ (Address) or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Ninth 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 Wednesday, 22 December 2004 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.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial period ended 31 July 2004 together with the Reports of the Directors and Auditors thereon.		
2.	Approval of the increase 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-appointment of YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as Director.		
6.	Appointment of Messrs. Ernst & Young as Auditors in place of Messrs. PricewaterhouseCoopers.		
	Special Businesses :		
7.	Special Resolution No. 1 - Proposed amendment to the Company's Memorandum of Association.		
8.	Special Resolution No. 2 - Proposed amendment to the Company's Articles of Association.		
9.	Ordinary Resolution No. 1 - Proposed shareholders' ratification on existing recurrent related party transactions of a revenue or trading nature for the period from 31 July 2004 to the date of the forthcoming Annual General Meeting. - Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
10.	Ordinary Resolution No. 2 - Proposed ratification on purchase of own shares by the Company for the period from 31 July 2004 to the date of the forthcoming Annual General Meeting. - Proposed renewal of authority for purchase of own shares by the Company.		
11.	Ordinary Resolution No. 3 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Shareholding Represented by Proxy

Dated this _____ day of _____ 2004

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

