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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibul, Sarawak on Wednesday, 28 December 2005 at 11.30 am for the following purposes :-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2005 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of directors' fees of RM116,000 for the financial year ended 31 July 2005. **Resolution 2**
3. To approve the increase of directors' fees amounting to RM49,000 bringing the total directors' fees for the financial year ending 31 July 2006 to RM165,000. **Resolution 3**
4. 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) Mr. Tiong Kiong King **Resolution 4**
 - (ii) Mr. Ngu Woo Hieng **Resolution 5**
5. 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 hereby re-appointed as a director of the Company to hold office until the next annual general meeting."**Resolution 6**
6. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**
7. As special business

To consider and, if thought fit, pass the following resolutions as ordinary and special resolutions :-

Ordinary Resolution No. 1 **Resolution 8**

• **Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Shareholders' Mandate")**

"THAT, approval be 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 7) of the Circular to Shareholders dated 30 November 2005, 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

NOTICE OF ANNUAL GENERAL MEETING (CON'D)

- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate 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 the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed renewal of and new Shareholders' Mandate."

Ordinary Resolution No. 2

• 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 Listing Requirements and any other relevant authority, the Directors of the Company be 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 7 November 2005 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 2005 **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 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

Resolution 9

NOTICE OF ANNUAL GENERAL MEETING (CON'D)

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 resolution was passed, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; 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."

Ordinary Resolution No. 3

Resolution 10

• 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 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."

Special Resolution No. 1

Resolution 11

• Proposed amendment to the Company's Articles of Association

- (i) "**THAT** the existing Article 58(e) of the Company's Articles of Association be deleted in its entirety and replaced with the following new Article 58(e) :-

At least fourteen (14) days' notice or twenty-one (21) days' notice with case where any special resolution is proposed or where it is a general meeting of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed."

- (ii) "**THAT** the existing Article 142 of the Company's Articles of Association be deleted in its entirety and replaced with the following new Article 142 :-

NOTICE OF ANNUAL GENERAL MEETING (CON'D)



*Subject to the Act, the rules laid down by Bursa Securities and any other provision in these Articles requiring notices or other documents to be sent by the Company to the members or the directors in any of the methods stated in Article 140, any notice required to be given by the Company to the members or any of them shall be sufficiently given if given by advertisement once in **at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper** and any such advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.”*

8. 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 2005

Sibu, Sarawak

Explanatory Notes on Special Businesses

(a) Ordinary Resolution on 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.

NOTICE OF ANNUAL GENERAL MEETING (CON'D)

The proposed Resolution No. 8 if passed, 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 7) of the Circular to Shareholders dated 30 November 2005, 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.

(b) Ordinary Resolution on proposed renewal of authority for purchase of own shares by the Company

The proposed Resolution No. 9, if passed, will renew the authority for the Company to purchase up to ten per cent (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.

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

The proposed Resolution No. 10 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.

(d) Special Resolution on proposed amendment to the Company's Articles of Association

The proposed resolution No. 11 in relation to the proposed amendment to the Company's Articles of Association is to be in line with the recent amendments made to Bursa Malaysia Securities Listing Requirements.

Notes :-

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

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

- (i) Mr. Tiong Kiong King
- (ii) Mr. Ngu Woo Hieng
- (iii) YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai

2. Details of attendance of Directors at Board Meetings

There were four (4) Board of Directors' Meetings held during the financial year ended 31 July 2005. Attendance of the Directors holding office at the end of the financial year is shown below :-

Name of Directors	No. of attendance (%)
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	4 (100%)
YBhg. Datuk William Lau Kung Hui	3 (75%)
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	4 (100%)
Mr. Tiong Kiong King	2 (50%)
Madam Tiong Ing	4 (100%)
Mr. Ngu Woo Hieng	4 (100%)

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

The Tenth 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 Sibu, Sarawak on Wednesday, 28 December 2005 at 11.30 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 10 to 12 of the Annual Report 2005.

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



Madam Tiong Ing

MANAGING DIRECTOR



**YBhg Datuk
William Lau Kung Hui**

INDEPENDENT DIRECTOR



Mr Ngu Woo Hieng

INDEPENDENT DIRECTOR



**YBhg Temenggong Datuk
Kenneth Kanyan Anak
Temenggong Koh**

INDEPENDENT DIRECTOR

CORPORATE INFORMATION

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
 Madam Tiong Ing
Managing Director
 YBhg. Datuk William Lau Kung Hui
Independent Director
 Mr. Ngu Woo Hieng
Independent Director
 YBhg. Temenggong Datuk Kenneth Kanyan Anak
 Temenggong Koh
Independent Director

AUDIT COMMITTEE

YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai
Chairman, Independent Director
 YBhg. Datuk William Lau Kung Hui
Member, Independent Director
 Mr. Ngu Woo Hieng
Member, Independent Director
 Madam Tiong Ing
Member, Managing 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 Sibul, Sarawak
 Tel: 084-211 555
 Fax: 084-211 886
 E-mail: suburth@tm.net.my
 Website: www.suburtiasa.com.my

REGISTRAR

Symphony Share Registrars 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

ADVOCATES & SOLICITORS

Hii & Hii
 Lau Yun Tseng & Co.

PRINCIPAL BANKERS

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

AUDITORS

Ernst & Young
 3rd Floor, Wisma Bukit Mata Kuching,
 Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak
 Tel: 082-243 233
 Fax: 082-421 287

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

PROFILE OF DIRECTORS



YABHG. DATUK PATINGGI TAN SRI DR. WONG SOON KAI

A Malaysian, aged 78, 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 from 1994 to 1996. He has been the Science Advisor for the Sarawak Government since 1997. 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 4 Board Meetings held during the financial year ended 31 July 2005. He has a direct shareholdings of 10,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 27 October 2005.

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 58, 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 2 out of 4 Board Meetings held during the financial year ended 31 July 2005. He has a direct shareholdings of 1,121,304 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 27 October 2005.

PROFILE OF DIRECTORS (CON'D)

Mr. Tiong is a brother of Tan Sri Datuk Diong 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 25 of the Notes to the Financial Statements.

TIONG ING

A Malaysian, aged 48, 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 more than 25 years hands on experience in the timber industry with in depth knowledge and market networking of the industry.

Madam Tiong attended all the 4 Board Meetings held during the financial year ended 31 July 2005. She has a direct shareholdings of 769,656 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 27 October 2005.

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 25 of the Notes to the Financial Statements.

YBHG. DATUK WILLIAM LAU KUNG HUI

A Malaysian, aged 55, 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 is a Chartered Arbitrator, and is a Panel Arbitrator and Mediator of the Kuala Lumpur Regional Centre of Arbitration (KLRC) and Arbitrator of the London Maritime Arbitrators Association (LMAA). He is also an Accredited Mediator with LEADR and a Registered Adjudicator. He graduated with a Bachelor and Master of Laws Degrees from the London School of Economics and Political Science of 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 27 years. He also currently sits on the Board of a public-listed company, Ekran Berhad.

He also served as a Senator of the Malaysian House of Senate from 1998 to 2004 and was the former Executive Chairman of Samanda Holdings Berhad.

YBhg. Datuk William Lau attended 3 out of 4 Board Meetings held during the financial year ended 31 July 2005. He has a direct shareholdings of 10,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 27 October 2005.

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

PROFILE OF DIRECTORS (CON'D)

YBHG. TEMENGGONG DATUK KENNETH KANYAN ANAK TEMENGGONG KOH

A Malaysian, aged 63, is an Independent 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.

In recognition of his contribution to the community, YBhg. Temenggong Datuk Kenneth Kanyan was appointed a paramount Iban Chief with the title of Temenggong for the Kapit Division by the State Government of Sarawak on 24 April 2003. He also sits on the Board of a public-listed company, Sin Chew Media Corporation Berhad.

YBhg. Temenggong Datuk Kenneth Kanyan attended all 4 Board Meetings held during the financial year ended 31 July 2005. He has a direct shareholdings of 300,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 27 October 2005.

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 52, 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 4 Board Meetings held during the financial year ended 31 July 2005. He has a direct shareholdings of 20,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 27 October 2005.

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.

CORPORATE STRUCTURE



100%

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.Q. Oriental Sdn Bhd (257848-D)

100%

Palmlyn Sdn Bhd (614569-U)

AUDIT COMMITTEE REPORT

MEMBERS AND MEETINGS

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

During the financial year ended 31 July 2005, the Committee has held four meetings.

NAME	STATUS OF DIRECTORSHIP	NO. OF MEETING APPLICABLE	ATTENDANCE OF MEETINGS
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	Chairman, Independent Director	4	4
YBhg. Datuk William Lau Kung Hui	Independent Director	4	3
Madam Tiong Ing	Managing Director	4	4
Mr. Ngu Woo Hieng	Independent Director	4	4

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.

AUDIT COMMITTEE REPORT

(CON'D)

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.
- 3.3 At least one member of the Committee must meet the criteria set by the Bursa Malaysia Securities Listing Requirements Paragraph 15.10 (1c), i.e.:
- must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- 3.4 Bursa Malaysia Securities Listing Requirements Paragraph 15.21 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 Bursa Malaysia Securities Listing Requirements Paragraph 15.11.

4. Authority

- 4.1 The AC for the performance of its duties, shall in accordance with 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.

AUDIT COMMITTEE REPORT

(CON'D)

5. Functions and Duties

The Committee shall carry out the following responsibilities:

- 5.1 Review the quarterly results and annual financial statements of the Group prior to submission to the Board, focusing 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 applicable approved accounting standards
 - (f) compliance with Bursa Malaysia Securities 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.
- 5.3 Review and report the same to the Board with the external auditors:
 - (a) the audit plan.
 - (b) the evaluation of the system of internal control.
 - (c) the audit report and management's response towards the audit reports and recommendations made. Ensure appropriate actions are taken in respect of these reports.
- 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 Company.
- 5.6 Recommend the appointment or re-appointment of the external auditors.
- 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 Review the adequacy of the Internal Audit plans and the scope of audits and that the Internal Audit Functions have the necessary authority and resources to carry out its work.
- 5.9 Review internal audit reports, consider any significant findings and management's response and ensure appropriate actions are taken.
- 5.10 Approve the appointment of the Head of Internal Audit.

AUDIT COMMITTEE REPORT

(CON'D)

5. Functions and Duties (con'd)

- 5.11 Review appraisals or assessments of senior staff members of the internal audit functions.
- 5.12 Direct any special investigations to be carried out by Internal Audit.
- 5.13 Review related party transactions entered into by the Group and any conflict of interest situation that may arise.

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 auditors, 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.
- 6.6 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.

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

In line with the term of reference of the Committee, the Committee carried out the following activities during the financial year ended 31 July 2005 in discharging its functions and duties:

- a) Review of the audit plans prepared by the internal and external auditors 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.

AUDIT COMMITTEE REPORT

(CON'D)

INTERNAL AUDIT FUNCTION

The Internal Audit Department plays an essential role in assisting the AC in executing its duties and functions. It undertakes independent, 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 and investigative assignments whenever relevant or required. The followings are summary of activities being carried out by the Department during the year:

- a) Reviewing and appraising the soundness, adequacy and application of accounting, financial, operational 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) Attending physical inventories count of finished goods, raw materials and spare parts; and
- g) Reviewing related party transactions entered into by the Group.

The Audit Committee Report is made in accordance with a resolution of the Board of Directors dated 9 November 2005.



CORPORATE GOVERNANCE STATEMENT

The Board of Directors 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 Listing Requirements. The Board is committed to ensuring that the highest standard of corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

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 organizational 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. 4 out of 6 members of the Board are considered independent in accordance with the definition provided in the Bursa Malaysia Securities Listing Requirements.

For the financial year ended 31 July 2005, four 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	4 out of 4
2	Mr. Tiong Kiong King	2 out of 4
3	Mdm. Tiong Ing	4 out of 4
4	YBhg. Datuk William Lau Kung Hui	3 out of 4
5	YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	4 out of 4
6	Mr. Ngu Woo Hieng	4 out of 4

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

Board Balance

The Board currently has six members, comprising four Independent Directors (including the Chairman), one Non-Independent Non-Executive Director 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 10 to 12.

CORPORATE GOVERNANCE STATEMENT

(CON'D)

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.

The Board appointed YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as the Senior Independent Non-Executive 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 aware to the discharge of the Board's responsibilities. The Board therefore expects to receive timely advice on all material information about the Group, its operating units, its activities and performance, particularly any significant variances from a planned course of progress. As a general rule, papers on specific subjects are sent to the Board in advance so that time at the Board Meeting can be conserved and used for focused discussion. All Directors have the right and duty to make further enquiries where they consider this necessary.

All Directors have access to the advice and services of the Company Secretary and 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.

Nomination Committee

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

The 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;

CORPORATE GOVERNANCE STATEMENT

(CON'D)

Nomination Committee (con'd)

- 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 three 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 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.

Remuneration Committee

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

The 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

The Board of Directors approved the setting up of a Risk Management Committee, which is led by the Managing Director, Madam Tiong Ing, in previous financial period. 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. The risk management activities are embedded in the Group's management system.

CORPORATE GOVERNANCE STATEMENT (CON'D)

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 is subject to re-election by rotation at each Annual General Meeting.

DIRECTORS' REMUNERATION

Details of the remuneration of the Directors for the financial year ended 31 July 2005 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 below:

Aggregation	Non- Executive Director	Executive Director
	RM	RM
Fees	121,600	21,000
Salary (including EPF)	-	531,802
Bonus	-	210,000
Allowance	240,000	190,000
Total	361,600	952,802

Remuneration	Non- Executive Director	Executive Director
Less than RM50,000	4	-
RM250,001 – RM300,000	1	-
RM950,001 – RM1,000,000	-	1

SHAREHOLDER COMMUNICATIONS AND INVESTOR RELATIONS

The Board of Directors recognises the importance of shareholders' and investors' communications. This is achieved through the timely release of annual reports, quarterly announcements and other corporate announcements made to Bursa Malaysia Securities Berhad.

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 a channel for prompt feedback to our senior management on investors' concerns and market perceptions thus, ensuring effectiveness of the information dissemination.

CORPORATE GOVERNANCE STATEMENT

(CON'D)

Annual General Meeting

The Annual General Meeting provides the Board with an important forum for shareholders' communication. 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.

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

The Group has established transparent and appropriate relationship with the Group's auditors, both external and internal, through the Audit Committee. The Audit Committee meets with the external auditors at least once a year.

A report of the Audit Committee is provided on pages 14 to 18.

This Corporate Governance Statement is made in accordance with a resolution of the Board of Directors dated 9 November 2005.

ADDITIONAL COMPLIANCE INFORMATION

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

SHARE BUY-BACKS

At the Annual General Meeting held on 22 December 2004, 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 year, a total of 3,567,900 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		AVERAGE COST (RM)	TOTAL COST (RM)
		HIGHEST (RM)	LOWEST (RM)		
August 2004	1,078,900	2.85	2.74	2.84	3,068,529
September 2004	254,600	2.76	2.52	2.73	694,663
October 2004	-	-	-	-	-
November 2004	-	-	-	-	-
December 2004	59,500	2.59	2.48	2.54	151,424
January 2005	94,500	2.76	2.70	2.76	260,476
February 2005	122,500	2.71	2.61	2.70	330,138
March 2005	610,400	2.62	2.48	2.53	1,543,437
April 2005	333,700	2.71	2.59	2.70	900,623
May 2005	514,400	2.70	2.24	2.59	1,334,053
June 2005	278,200	2.63	2.33	2.48	690,889
July 2005	221,200	2.70	2.53	2.64	583,617
	3,567,900				9,557,849

NON-AUDIT FEE

The non-audit fees paid by the Company and its subsidiaries to the previous external auditors for the financial year ended 31 July 2005 amounted to RM96,000.

PROFIT GUARANTEE

During the financial year, 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 year ended 31 July 2005 or entered into since the end of the previous financial period.

ADDITIONAL COMPLIANCE INFORMATION (CON'D)

Additional Compliance Information (con'd)

RECURRENT RELATED PARTY TRANSACTIONS

At the Company's Annual General Meeting held on 22 December 2004, 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 25 of the financial statements outlined in pages 74 to 81 of this Annual Report. At the forthcoming Annual General Meeting to be held on 28 December 2005, the Company will propose shareholders' mandate in respect of existing and new RRPT.

REVALUATION OF LANDED PROPERTIES

The Group does not have any revaluation policy on landed properties

DIRECTORS' INTEREST AS AT 27 OCTOBER 2005

Names	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. Datuk William Lau Kung Hui	10,000	-	10,000	0.01
3. YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	300,000 *1	-	300,000	0.16
4. Tiong Kiong King	1,121,304 *2	-	1,121,304	0.61
5. Tiong Ing (f)	769,656	70,000 *3	839,656	0.46
6. Ngu Woo Hieng	20,000 *1	-	20,000	0.01

Notes :

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

*2 1,077,689 shares and 32,500 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.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Bursa Malaysia Securities Listing Requirements require directors of listed companies to include a statement in annual reports on the state of their internal controls. Bursa Malaysia Securities Berhad'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 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 to incorporate an effective and efficient risk management framework to enable management to manage and control the risks to a tolerable rate.

The Board had in last year approved the setting up of a risk management committee, which is led by the 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 to administer and diminish the risk impacts are embedded in the Group's management system.

INTERNAL CONTROLS

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

- An organizational structure with clearly defined lines of responsibilities and accountability and delegation of authority for management at various levels of administration and operation.
- Documented internal policies and procedures, which are the subject of regular review and improvement.
- Regular review of internal control system of the Group and reporting directly to Audit Committee on a quarterly basis by the Internal Audit Department that provides continuous independent assurance of the operations and validity of the internal control system.
- Monthly management meeting participated by the key personnel of functional departments and business units that provides 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 made possible.

STATEMENT ON INTERNAL CONTROL (CON'D)

INTERNAL CONTROLS (CON'D)

- Continuing education, training and development through in-house training and external courses or seminars that emphasize on enhancing the quality and capabilities of the Group's employees.
- Process governing appraisal and approval of capital/investment expenditure and asset disposal.
- Regular meetings held at operational and management levels to identify and resolve business as well as operational issues.
- Regular visits to operating units by senior management.
- Constant monitoring of budgets, containing financial and operating targets and performance indicators, which were approved by the Board, with major variances being accounted for and management actions being taken, if necessary.
- Reporting of significant weaknesses, if any, identified by Internal Audit Department during the reviews and recommendation of appropriate measures for implementation by management to ratify those weaknesses found.
- Conducting follow-up audits and ad-hoc audits by Internal Audit Department, which ensure proper and approved remedy actions have been implemented.

BOARD REVIEW

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 year under review and up to the date of approval of the 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 environment.

This Statement on Internal Control is made in accordance with a resolution of the Board of Directors dated 9 November 2005.

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:

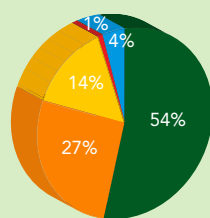
- adopted suitable accounting policies and then apply them consistently,
- made judgements and estimates that are prudent and reasonable,
- ensured applicable accounting standards have been followed, and
- prepared the financial statements on the going concern basis as the directors have reasonable expectation, 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.

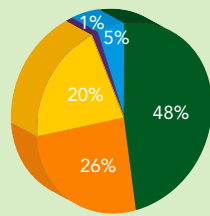
This Statement of Directors' Responsibility is made in accordance with a resolution of the Board of Directors dated 9 November 2005.

FINANCIAL HIGHLIGHTS

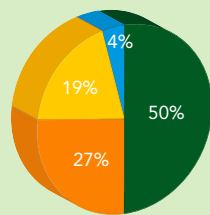
Export volume in % for last 3 financial years



2005



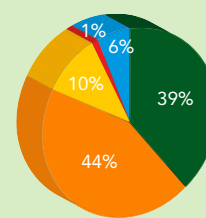
2004



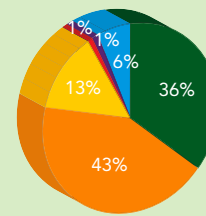
2003



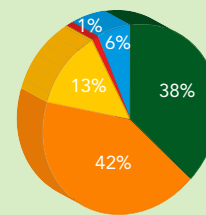
Export value in % for last 3 financial years



2005



2004



2003

GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2005	2004	2003	2002	2001
Revenue	532,516	691,997	370,979	320,825	308,353
Profit/(Loss) Before Taxation	109,597	88,690	46,121	(20,033)	31,518
Profit/(Loss) After Tax	84,660	63,018	33,154	(20,005)	28,139
Shareholders' Fund	398,351	334,602	322,604	289,451	291,692
Net Earning/(Loss) Per Share (Sen)	45.6	32.1	16.6	(10.0)	14.1
Return on Shareholders' Fund (%)	21.25	18.83	10.28	(6.91)	9.65
Net Tangible Assets Per Share (RM)	2.24	1.90	1.76	1.55	1.58

EXPORT MARKET HIGHLIGHTS



Malaysia

Thailand

Philippines

Vietnam

Taiwan

Hong Kong

China

Japan

Korea

Kuwait

Singapore

Pakistan

India

Republic of Mauritius

South Africa

Mexico

USA

CHAIRMAN'S STATEMENT



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 and the Group for the year ended 31 July 2005

FINANCIAL PERFORMANCE

The Group changed its financial year from 31 January to 31 July last year. Therefore, the comments with respect to the current year's performance were based on the results for the 12 months ended 31 July 2005 as compared to 18 months ended 31 July 2004, unless otherwise stated. The year under review marks yet another remarkable and striking milestone achieved by our Group. It saw a significant improvement in the financial performance of the Group on the back of stronger timber prices, mainly attributed to the robust economic growth in China and India as well as more stringent enforcement against illegal logging in Indonesia, despite the negative market sentiment caused by the rising crude oil prices, fears of terrorism and the de-pegging of Ringgit Malaysia towards the end of the financial year.

The Group recorded a revenue of RM532.5 million, an increase of 15% from the annualised revenue of RM461.3 million in the previous year, mainly contributed by better overall selling prices coupled with the higher export volumes of logs and plywood. Profit before tax grew by a remarkable increase of 24% or 85% on an annualised basis, to RM109.6 million from RM88.7 million in the previous financial period. The Group's profit after tax also increased by a staggering 102%, on an annualised basis, to RM84.7 million from RM63.0 million in previous financial period. This translated into a commendable higher earnings per share of 45.6 sen per share for the financial year under review as compared to 32.1 sen per share in the previous financial period.

The Group's shareholders' funds increased by RM63.8 million from RM334.6 million as at the end of previous financial period to RM398.4 million, riding on the profitability achieved for the financial year under review. Return on shareholders' funds increased to a remarkable 21% as compared to 19% in previous financial period. Net tangible assets per share also rose to RM2.24 per share from RM1.90 per share as at the end of the previous financial period.

CHAIRMAN'S STATEMENT

(CON'D)

OPERATIONS REVIEW

During the year, the Group's total export volume and revenue increased by about 6% and 19% respectively, on an annualised basis. Logging and plywood divisions continued to contribute significantly to the Group's performance, with 46% and 36% respectively to the Group's total revenue. The increased demand for timber products since the beginning of calendar year 2004, has pushed up and sustained the average selling prices of logs and plywood during the financial year under review.

LOGGING

During the financial year under review, the average selling price and export volume for round logs for the Group increased by about 8% and 18% respectively, on an annualised basis, as compared to the previous financial period. 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 emerged as a significant player in the round log market. India is now also importing a wide range of log species besides the traditional favourite selangan batu logs. The fast expanding robust Indian market has helped to sustain the timber prices. The continued stringent enforcement of the banning of illegal logging activities by the major tropical timber producing countries had also helped to stabilise the log prices.

PLYWOOD

The plywood division continued to perform well during the financial year under review. The average selling price and export volume for plywood improved by about 11% and 13% respectively, on an annualised basis, as compared to the previous financial period.

The Group's market strong hold of Taiwan, Hong Kong, South Korea, North America, Japan, Middle East and China continued to be our major customers. Our Group continued to invest in new machineries in order to achieve better efficiency and maximize utilisation of raw material and resources.

The improved economic outlook in Taiwan, USA, and massive infrastructure development in China has helped to sustain the plywood market. 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 worldwide 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 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. Despite the over supply condition in the International market, we are still able to run our mill at full capacity and continue to enjoy the economies of scale in our production. Thus, we are able to compete aggressively in the market. Average export selling price increased by about 15% as compared to the previous financial period.

We also 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

Our Group's commitment to sustainable forest management practices in logging and ongoing plantation activities will ensure

CHAIRMAN'S STATEMENT (CON'D)

continuous supply of wood to our down stream manufacturing industries. We had further diversified into oil palm plantation activities during the financial year under review and the development of the oil palm estate had also started during the financial year. With the diversification, our profit base will be expected to improve in the future upon the 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. Continued 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 as well as managing operation cost efficiencies through better logistic management, development of human resources and upgrading of machineries.

Generally, major economies seem to be sustainable. However, volatile crude oil prices will continue to have an impact on our raw materials and freight costs. We will thus expect the current 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 current financial year as the Group is well positioned to meet the challenges and the inevitable rise in competitiveness in the market.

DIVIDENDS

The commitment of the Group to delivering superior shareholder value is clearly demonstrated by consistently improving profitability performance. For the financial year ended 31 July 2005, the Board had declared an interim dividend of 4 sen per share, tax exempt and 3 sen per share less 28% taxation, which was paid on 15 August 2005.

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 which is resilient and hardworking. Our sincere thanks also goes to all our staff for their untiring commitment, dedication and loyalty which have contributed to the Group's achievements. I would also like to express our sincere thanks to our customers, suppliers, bankers, business partners, relevant government authorities and shareholders for their continued invaluable support.



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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2005.

Principal Activities

The principal activities of the Company are investment holding, extraction and sale of logs and manufacturing of sawn timber.

The principal activities of the subsidiaries consist of extraction and sale of logs, manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger joint moulding, supply of electricity, tree planting (reforestation) and cultivation of oil palm.

There have been no significant changes in the nature of the principal activities except the Group commenced the cultivation of oil palm and the Company commenced the operations of sawn timber manufacturing during the financial year.

Results

	Group	Company
	RM	RM
Net profit for the year	84,660,070	30,203,946

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

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

Dividends

The amount of dividends declared and paid by the Company since 31 July 2004 were as follows:

In respect of the financial year ended 31 July 2005:

Interim dividends comprise 4 sen per share, tax exempt and 3 sen per share less 28% taxation on 184,302,500 ordinary shares, declared on 28 June 2005 and paid on 15 August 2005

RM

11,353,034

DIRECTORS' REPORT

(CON'D)

Directors

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

YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai
 Tiong Kiong King
 Tiong Ing
 YBhg. Datuk William Lau Kung Hui
 YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh
 Ngu Woo Hieng

Directors' Benefits

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

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

Directors' Interests

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

	Number of Ordinary Shares of RM1 Each			31.7.2005
	1.8.2004	Acquired	Sold	
Direct Interest:				
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	10,000	-	-	10,000
YBhg. Datuk William Lau Kung Hui	10,000	-	-	10,000
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	300,000	-	-	300,000
Tiong Kiong King	1,224,904	30,800	144,100	1,111,604
Tiong Ing	701,256	68,400	-	769,656
Ngu Woo Hieng	20,000	-	-	20,000
Indirect Interest:				
Tiong Ing	70,000	-	-	70,000

DIRECTORS' REPORT

(CON'D)

Treasury Shares

During the financial year, the Company repurchased 3,567,900 of its issued ordinary shares from the open market at an average price of RM2.68 per share. The total consideration paid for the repurchase including transaction costs was RM9,557,849. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

As at 31 July 2005, the Company held as treasury shares a total of 15,766,700 of its 200,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM41,336,555 and further relevant details are disclosed in Note 22 to the financial statements.

Other Statutory Information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

(CON'D)

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Other Significant Events

On 30 September 2004, the Company acquired 100% equity interest in Palmlyn Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM11,890,974.

Auditors

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

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

Tiong Ing

Sibu, Malaysia

Date: 9 November 2005

Tiong Kiong King

STATEMENT BY DIRECTORS

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

We, **Tiong Ing** and **Tiong Kiong King**, being two of the directors of **Subur Tiasa Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 40 to 88 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Tiong Ing

Sibu, Malaysia

Date: 9 November 2005

Tiong Kiong King

STATUTORY DECLARATION

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

I, **Yeo Eng Siang**, being the officer primarily responsible for the financial management of **Subur Tiasa Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 40 to 88 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed **Yeo Eng Siang**
at Sibu in the State of Sarawak
on 9 November 2005

Yeo Eng Siang

Before me,

Belinda Hii Tai King
Commissioner for Oaths (Q 064)
Sibu, Malaysia

REPORT OF THE AUDITORS

to the Members of Subur Tiasa Holdings Berhad (Incorporated in Malaysia) Company No: 341792-W

We have audited the financial statements set out on pages 40 to 88. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with applicable Approved Standards on Auditing 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 July 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors as included in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

ERNST & YOUNG

AF: 0039

Chartered Accountants

CHIN MUI KHIONG PETER

No. 1881/03/06 (J)

Partner

Kuching, Malaysia

Date: 9 November 2005

INCOME STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

	Note	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Revenue	3	532,516,257	691,997,247	257,182,865	340,547,002
Cost of sales		(333,730,273)	(486,246,026)	(162,012,399)	(230,334,073)
Gross Profit		198,785,984	205,751,221	95,170,466	110,212,929
Other operating income		3,321,326	4,923,715	2,356,750	1,477,931
Administrative expenses		(30,636,200)	(34,183,867)	(18,361,164)	(18,774,215)
Selling and distribution expenses		(40,278,587)	(55,868,545)	(18,119,180)	(21,407,736)
Other operating expenses		(16,321,635)	(21,642,529)	(13,723,268)	(20,584,902)
Profit from Operations	4	114,870,888	98,979,995	47,323,604	50,924,007
Finance cost	7	(5,273,768)	(10,290,461)	(4,473,009)	(9,129,683)
Profit Before Taxation		109,597,120	88,689,534	42,850,595	41,794,324
Taxation	8	(24,937,050)	(25,671,723)	(12,646,649)	(12,482,082)
Net Profit for the Year/Period		84,660,070	63,017,811	30,203,946	29,312,242
Earnings Per Share (sen)					
- basic	9(a)	45.6	32.1		
- diluted	9(b)	N/A	N/A		
Net dividends per ordinary shares in respect of the year/period (sen)	10	6.2	10.0	6.2	10.0

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

BALANCE SHEETS AS AT 31 JULY 2005

	Note	31.7.2005 RM	Group 31.7.2004 RM	31.7.2005 RM	Company 31.7.2004 RM
Non-Current Assets					
Property, plant and equipment	11	222,377,213	206,187,208	46,837,242	38,942,535
Investment in subsidiaries	12	-	-	191,448,813	174,567,839
Rights in timber licences	13	133,187,241	152,422,923	106,543,913	120,267,182
Goodwill on consolidation	14	3,823,688	2,404,763	-	-
Long term receivables	15	20,618,030	27,136,522	20,618,030	22,680,632
Deferred tax assets	24	585,000	2,572,130	-	-
		380,591,172	390,723,546	365,447,998	356,458,188
Current Assets					
Inventories	16	75,722,552	66,320,441	5,337,450	7,825,761
Trade and other receivables	17	26,122,523	35,356,888	23,623,697	12,764,769
Amounts due from subsidiaries	18	-	-	11,268,829	19,235,389
Tax recoverable		73,342	3,804,293	-	1,693,314
Cash and bank balances	19	89,856,346	49,535,661	5,538,239	3,778,319
		191,774,763	155,017,283	45,768,215	45,297,552
Current Liabilities					
Borrowings	20	34,638,988	33,303,578	28,002,988	26,662,578
Trade and other payables	21	48,125,125	64,251,477	17,309,822	24,857,010
Amounts due to subsidiaries	18	-	-	72,159,421	45,115,016
Tax payables		5,057,084	-	1,662,222	-
Dividends payable		11,378,776	9,376,215	11,378,776	9,376,215
		99,199,973	106,931,270	130,513,229	106,010,819
Net Current Assets/(Liabilities)		92,574,790	48,086,013	(84,745,014)	(60,713,267)
		473,165,962	438,809,559	280,702,984	295,744,921
Financed by:					
Share capital	22	200,000,000	200,000,000	200,000,000	200,000,000
Share premium		59,679,744	59,679,744	59,679,744	59,679,744
Treasury shares	22	(41,336,555)	(31,778,706)	(41,336,555)	(31,778,706)
Retained profits	23	180,008,040	106,701,004	27,424,795	8,573,883
Reserve on consolidation	14	18,012,920	24,492,026	-	-
Capital and reserve		416,364,149	359,094,068	245,767,984	236,474,921
Borrowings	20	36,516,000	69,152,000	32,000,000	58,000,000
Deferred tax liabilities	24	19,019,294	10,563,491	2,935,000	1,270,000
Land premium payable		1,266,519	-	-	-
Non-current liabilities		56,801,813	79,715,491	34,935,000	59,270,000
		473,165,962	438,809,559	280,702,984	295,744,921

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2005

	Note	Share capital RM	Share premium RM	Non-Distributable Treasury shares RM	Distributable Retained profits RM	Total RM
At 1 February 2003		200,000,000	59,679,744	-	62,924,578	322,604,322
Purchase of treasury shares		-	-	(31,778,706)	-	(31,778,706)
Net profit for the period		-	-	-	63,017,811	63,017,811
Dividends	10	-	-	-	(19,241,385)	(19,241,385)
At 31 July 2004		200,000,000	59,679,744	(31,778,706)	106,701,004	334,602,042
Purchase of treasury shares		-	-	(9,557,849)	-	(9,557,849)
Net profit for the year		-	-	-	84,660,070	84,660,070
Dividends	10	-	-	-	(11,353,034)	(11,353,034)
At 31 July 2005		200,000,000	59,679,744	(41,336,555)	180,008,040	398,351,229

COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2005

	Note	Share capital RM	Share premium RM	Non-Distributable Treasury shares RM	Distributable Retained profits RM	Total RM
At 1 February 2003		200,000,000	59,679,744	-	(1,496,974)	258,182,770
Purchase of treasury shares		-	-	(31,778,706)	-	(31,778,706)
Net profit for the period		-	-	-	29,312,242	29,312,242
Dividends	10	-	-	-	(19,241,385)	(19,241,385)
At 31 July 2004		200,000,000	59,679,744	(31,778,706)	8,573,883	236,474,921
Purchase of treasury shares		-	-	(9,557,849)	-	(9,557,849)
Net profit for the year		-	-	-	30,203,946	30,203,946
Dividends	10	-	-	-	(11,353,034)	(11,353,034)
At 31 July 2005		200,000,000	59,679,744	(41,336,555)	27,424,795	245,767,984

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

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Note				
Cash Flows from Operating Activities				
Profit before taxation	109,597,120	88,689,534	42,850,595	41,794,324
Adjustments for:				
Amortisation of reserve on consolidation	(6,479,106)	(9,718,661)	-	-
Amortisation of goodwill on consolidation	1,178,345	1,442,859	-	-
Amortisation of timber rights	19,235,682	28,853,522	13,723,269	20,584,902
Depreciation of property, plant and equipment	26,820,419	35,661,781	4,202,505	3,386,795
Impairment loss	1,406,715	1,899,378	-	-
Property, plant and equipment written off	66,523	3	442	-
Allowance for doubtful debts	980,000	1,493,187	-	-
Reversal of allowance for doubtful debts	-	(143,976)	(1,869,767)	(400,000)
Gain on disposal of property, plant and equipment	(214,645)	(941,919)	(2,098)	(26,523)
Interest expense	5,273,768	10,290,461	4,473,009	9,129,683
Interest income	(1,709,431)	(1,706,761)	(116,172)	(333,378)
Operating profit before working capital changes	156,155,390	155,819,408	63,261,783	74,135,803
(Increase)/decrease in inventories	(9,402,111)	(6,096,227)	2,488,311	(154,316)
Decrease/(increase) in trade and other receivables	14,772,855	(8,069,756)	(9,956,854)	4,350,261
(Decrease)/increase in trade and other payables	(17,954,439)	(6,772,788)	(7,547,188)	210,150
Increase in amount due to subsidiaries	-	-	37,301,438	14,988,323
Cash generated from operations	143,571,695	134,880,637	85,547,490	93,530,221
Interest paid	(5,273,768)	(10,290,461)	(4,473,009)	(9,129,683)
Tax paid	(10,368,335)	(18,597,931)	(6,886,291)	(13,442,355)
Tax refund	1,050,563	1,554,440	-	-
Net cash generated from operating activities	128,980,155	107,546,685	74,188,190	70,958,183

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

(CON'D)

	Note	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Cash Flows from Investing Activities					
Acquisition of a subsidiary	12	(11,890,974)	-	(11,890,974)	-
Additional investment in a subsidiary		-	-	(4,990,000)	(4,999,998)
Purchase of property, plant and equipment		(29,795,753)	(47,421,404)	(12,148,446)	(13,767,166)
Proceeds from disposal of property, plant and equipment		1,526,737	1,501,164	52,890	234,722
Interest received		1,709,431	1,636,706	116,172	340,532
Net cash used in investing activities		(38,450,559)	(44,283,534)	(28,860,358)	(18,191,910)
Cash Flows from Financing Activities					
Proceeds from term loan		-	7,880,957	-	-
Repayment of term loan		(32,641,000)	(18,378,000)	(26,000,000)	(16,000,000)
Acquisition of treasury shares	22	(9,557,849)	(31,778,706)	(9,557,849)	(31,778,706)
Dividends paid		(9,350,472)	(9,937,593)	(9,350,473)	(9,937,593)
Net cash used in financing activities		(51,549,321)	(52,213,342)	(44,908,322)	(57,716,299)
Net Increase/(Decrease) in Cash and Cash Equivalents		38,980,275	11,049,809	419,510	(4,950,026)
Cash and Cash Equivalents at Beginning of Year/Period		48,873,083	37,823,274	3,115,741	8,065,767
Cash and Cash Equivalents at End of Year/Period	19	87,853,358	48,873,083	3,535,251	3,115,741

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

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

1. Corporate Information

The principal activities of the Company are that investment holding, extraction and sale of logs and manufacturing of sawn timber. The principal activities of the subsidiaries 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, tree planting (reforestation) and cultivation of oil palm. There have been no significant changes in the nature of the principal activities except the Group commenced the cultivation of oil palm and the Company commenced the operations of sawn timber manufacturing during the financial year.

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

The number of employees in the Group and in the Company at the end of the financial year were 2,358 (31.7.2004: 2,192) and 211 (31.7.2004: 200) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9 November 2005.

2. Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities 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 using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

2. Significant Accounting Policies (con'd)

(b) Basis of Consolidation (con'd)

Subsidiaries (con'd)

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Goodwill is amortised on a straight-line basis over its estimated useful life of 10 years.

Reserve on consolidation, or negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition 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.

(d) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

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

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

2. Significant Accounting Policies (con'd)

(e) Property, Plant and Equipment, and Depreciation (con'd)

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% - 10%
Computer hardware and software	10% - 20%

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

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

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(f) 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.

(g) Inventories

(i) Nursery inventories and tree planting expenditure

Nursery inventories 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 raw materials, labour costs and production overheads based on normal level of activity. The standard cost is adjusted to actual cost by prorating the price variance between actual and standard cost into finished goods and work-in-progress.

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

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

2. Significant Accounting Policies (con'd)

(h) Cash and Cash Equivalents

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

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

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.

(j) Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(k) Employee Benefits

(i) Short term benefits

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

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

2. Significant Accounting Policies (con'd)

(k) Employee Benefits (con'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Revenue from supply of electricity

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

(iii) Contract income

Contract income from reforestation activities which consist of logging and plantation are recognised in the income statement based on the volume of logs extracted and area planted respectively.

(iv) Dividend income

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

(m) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All exchange rate differences are taken to the income statement.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	31.7.2005	31.7.2004
	RM	RM
United States Dollar	3.735	3.800
Euro	4.522	4.581
Japanese Yen	0.033	0.034
Singapore Dollar	2.247	2.209

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

2. Significant Accounting Policies (con'd)

(n) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

(o) Financial Instruments

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

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

(i) Receivables

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

(ii) Payables

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

(iii) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received.

All the borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(iv) Equity instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

2. Significant Accounting Policies (con'd)

(o) Financial Instruments (con'd)

(iv) Equity instruments (con'd)

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

(v) Derivative financial instruments

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

Forward foreign exchange contracts:

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

3. Revenue

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Sale of logs	246,740,711	318,089,668	241,709,923	320,156,012
Sale of plywood	193,440,998	241,836,341	-	-
Sale of veneer	303,475	3,780,288	-	-
Sale of raw and laminated particleboard	48,600,912	82,073,798	-	-
Sale of sawn timber, finger joint moulding and by-products	38,842,793	44,226,398	-	-
Supply of electricity	37,502	927,203	-	-
Contract fee	4,549,866	1,063,551	-	-
Sale of waste wood	-	-	-	390,990
Dividend income	-	-	15,472,942	20,000,000
	532,516,257	691,997,247	257,182,865	340,547,002

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

4. Profit from Operations

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Profit from operations is stated after charging:				
Staff costs (Note 5)	30,976,296	38,385,391	8,928,859	8,620,930
Non-executive directors' remuneration				
- fees	243,600	257,900	121,600	74,400
- other emoluments	366,000	566,400	240,000	360,000
Auditors' remuneration				
- current year/period	71,500	107,000	20,000	28,000
- (over)/underprovision in prior period/year	(18,000)	9,000	(5,000)	3,000
Amortisation of goodwill on consolidation	1,178,345	1,442,859	-	-
Amortisation of timber rights	19,235,682	28,853,522	13,723,269	20,584,902
Depreciation (Note 11)	26,820,419	35,661,781	4,202,505	3,386,795
Property, plant and equipment written off	66,523	3	442	-
Impairment loss on property, plant and equipment	1,406,715	1,899,378	-	-
Allowance for doubtful debts	980,000	1,493,187	-	-
Inventory write down	4,552,241	244,652	-	-
Rental of				
- buildings	146,680	107,100	6,500	11,600
- land	229,966	144,000	71,000	-
- equipment and vehicles	101,538	341,611	36,458	67,009
And after crediting:				
Amortisation of reserve on consolidation	(6,479,106)	(9,718,659)	-	-
Reversal of allowance for doubtful debts	-	(143,976)	(1,869,767)	(400,000)
Interest income	(1,709,431)	(1,706,761)	(116,172)	(333,378)
Net realised foreign exchange gain	(420,223)	(538,067)	(83,422)	(184,948)
Gain on disposal of property, plant and equipment	(214,645)	(941,919)	(2,098)	(26,523)
Rental income - building	(375,548)	(597,056)	(235,200)	(352,800)
Compensation from insurance claim	-	(327,276)	-	-

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

5. Staff Costs

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Wages, salaries and bonus	23,593,865	28,948,098	7,923,774	7,645,813
Employee provident fund	2,194,686	2,626,017	891,214	838,286
Other staff related expenses	5,187,745	6,811,276	113,871	136,831
	30,976,296	38,385,391	8,928,859	8,620,930

Included in staff costs of the Group and of the Company is an executive director's remuneration amounting to RM1,007,802 (31.7.2004: RM1,017,000) and RM952,802 (31.7.2004: RM958,000) respectively as further disclosed in Note 6.

6. Directors' Remuneration

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Director of the Company:				
Executive director				
- fees	52,000	46,000	21,000	15,000
- salaries, bonus and other emoluments	858,645	878,000	834,645	850,000
- employees provident fund	97,157	93,000	97,157	93,000
	1,007,802	1,017,000	952,802	958,000
Non-executive directors				
- fees	147,600	110,900	121,600	74,400
- other remuneration	264,000	401,280	240,000	360,000
	411,600	512,180	361,600	434,400

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

6. Directors' Remuneration (con'd)

	Group		Company	
	12 months ended 31.7.2005 RM	18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	18 months ended 31.7.2004 RM
Directors of subsidiaries:				
Non-executive directors				
- fees	96,000	147,000	-	-
- other remuneration	102,000	165,120	-	-
	198,000	312,120	-	-
Total	1,617,402	1,841,300	1,314,402	1,392,400

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

	Number of directors	
	12 months ended 31.7.2005	18 months ended 31.7.2004
Executive director:		
RM950,001 - RM1,000,000	1	1
Non-executive directors:		
Less than RM50,000	4	4
RM250,001 - RM300,000	1	-
RM350,001 - RM400,000	-	1

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

7. Finance Cost

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Interest expense	5,273,768	10,290,461	4,473,009	9,129,683

8. Taxation

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Income tax:				
Current year/period provision	18,269,000	16,233,300	10,900,000	12,072,000
(Over)/underprovision in prior period/year	(163,193)	(91,046)	81,649	6,082
	18,105,807	16,142,254	10,981,649	12,078,082
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	6,940,243	9,529,469	1,759,000	404,000
Overprovided in prior period	(109,000)	-	(94,000)	-
	6,831,243	9,529,469	1,665,000	404,000
	24,937,050	27,671,723	12,646,649	12,482,082

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

8. Taxation (con'd)

Income tax is calculated at the statutory rate of 28% (31.7.2004: 28%) of the estimated assessable profit for the year.

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

	12 months ended 31.7.2005	Group 18 months ended 31.7.2004	12 months ended 31.7.2005	Company 18 months ended 31.7.2004
	%	%	%	%
Statutory tax rate	28	28	28	28
Effect of income not subject to tax	(1)	(5)	(7)	(13)
Effect of expenses not deductible for tax purposes	5	11	9	15
Effect of expenses qualified for double deduction	(2)	(5)	-	-
Effect of utilisation of previously unrecognised unutilised reinvestment allowances	(6)	-	-	-
Effect of utilisation of current year's reinvestment allowances	(1)	-	-	-
Average effective tax rate	<u>23</u>	<u>29</u>	<u>30</u>	<u>30</u>

9. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the net profit of the year/period by the weighted average number of ordinary shares in issue during the financial year/period, excluding treasury shares held by the Company:

	12 months ended 31.7.2005	18 months ended 31.7.2004
Net profit for the year/period (RM)	84,660,070	63,017,811
Weighted average number of ordinary shares in issue	185,773,908	196,259,506
Basic earnings per share (sen)	<u>45.6</u>	<u>32.1</u>

(b) Diluted

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

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

10. Dividends

	12 months ended 31.7.2005 RM	18 months ended 31.7.2004 RM	12 months ended 31.7.2005 Sen	18 months ended 31.7.2004 Sen
Interim				
First interim:				
4 sen per share, tax exempt and 3 sen per share, less 28% taxation on 184,302,500 ordinary shares, declared on 28 June 2005 and paid on 15 August 2005	11,353,034	-	6.2	-
5 sen per share, tax exempt, on 197,925,400 ordinary shares paid on 18 September 2003	-	9,896,270	-	5.0
Second interim:				
5 sen per share, tax exempt, on 186,902,300 ordinary shares paid on 22 September 2004	-	9,345,115	-	5.0
	11,353,034	19,241,385	6.2	10.0

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

11. Property, Plant and Equipment

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plantation development expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
Cost											
At 1 August 2004	13,340,436	4,239,879	100,213,628	-	18,817,253	245,064,769	32,765,885	12,501,012	23,143,222	19,938,201	470,024,285
Additions	-	-	58,807	844,941	4,139,020	3,360,437	2,883,450	557,791	289,206	17,778,588	29,912,240
Acquisition of subsidiary	16,000,000	-	-	-	-	-	-	-	-	-	16,000,000
Disposals	-	-	(406,460)	-	(633,809)	-	-	(663,385)	(203,582)	-	(1,907,236)
Written off	-	-	(75,292)	-	(68,200)	(3,801)	-	(23,821)	-	-	(171,114)
Transfer	5,000	-	11,093,524	-	7,913,231	12,091,418	538,509	859,978	25,000	(32,526,660)	-
At 31 July 2005	29,345,436	4,239,879	110,884,207	844,941	30,167,495	260,512,823	36,187,844	13,231,575	23,253,846	5,190,129	513,858,175
Accumulated Depreciation and Impairment Losses											
At 1 August 2004:											
Accumulated depreciation	1,607,316	1,006,139	52,923,452	-	12,439,437	164,535,014	13,085,232	4,156,231	11,245,576	-	260,998,397
Accumulated impairment losses	-	-	-	-	-	2,838,680	-	-	-	-	2,838,680
Depreciation charge for the year	1,607,316	1,006,139	52,923,452	-	12,439,437	167,373,694	13,085,232	4,156,231	11,245,576	-	263,837,077
Charge to income statement (Note 4)	276,459	142,249	3,791,207	-	1,871,809	14,742,093	2,425,377	1,214,855	2,472,856	-	26,936,905
Capitalised in plantation development expenditure	224,774	142,249	3,791,207	-	1,871,809	14,677,302	2,425,377	1,214,845	2,472,856	-	26,820,419
Impairment losses for the year	51,685	-	-	-	-	64,791	-	10	-	-	116,486
Disposals	-	-	(259,051)	-	(216,393)	1,406,715	-	(104,393)	(15,307)	-	1,406,715
Written off	-	-	(14,163)	-	(68,198)	(3,799)	-	(18,431)	-	-	(595,144)
Transfer	4,999	-	20,770	-	6,866,926	(7,307,412)	324,152	90,565	-	-	(104,591)
At 31 July 2005	1,888,774	1,148,388	56,462,215	-	20,893,581	176,211,291	15,834,761	5,338,827	13,703,125	-	291,480,962

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

11. Property, Plant and Equipment (con'd)

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plantation development expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
Analysed as:											
Accumulated depreciation	1,888,774	1,148,388	56,462,215	-	20,893,581	171,965,896	15,834,761	5,338,827	13,703,125	-	287,235,567
Accumulated impairment losses	-	-	-	-	-	4,245,395	-	-	-	-	4,245,395
At 31 July 2005	1,888,774	1,148,388	56,462,215	-	20,893,581	176,211,291	15,834,761	5,338,827	13,703,125	-	291,480,962
Net Book Value											
At 31 July 2005	27,456,662	3,091,491	54,421,992	844,941	9,273,914	84,301,532	20,353,083	7,892,748	9,550,721	5,190,129	222,377,213
At 31 July 2004	11,733,120	3,233,740	47,290,176	-	6,377,816	77,691,075	19,680,653	8,344,781	11,897,646	19,938,201	206,187,208
Depreciation charge for 18 months ended 31.7.2004											
Recognised in income statement (Note 4)	337,161	213,373	5,480,356	-	1,467,707	20,611,120	2,187,510	1,508,801	3,855,753	-	35,661,781
Capitalised in inventories (Note 16)	-	-	-	-	12,708	-	-	4,440	-	-	17,148
	337,161	213,373	5,480,356	-	1,480,415	20,611,120	2,187,510	1,513,241	3,855,753	-	35,678,929

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

11. Property, Plant and Equipment (con'd)

- (a) Certain buildings of the Group with net book value of RM3,926,249 (31.7.2004: RM3,216,191) are situated on land which is held by a company in which a director of certain subsidiaries and certain substantial shareholders of the Company have financial interests.
- (b) The title to the land and building of the Company with net book value of RM12,604,812 (31.7.2004: RM12,791,843) has yet to be issued by the relevant authority.
- (c) Included in plantation development expenditure are the following expenses incurred and capitalised during the financial year:

	Group	
	31.7.2005	31.7.2004
	RM	RM
Depreciation	116,486	-
Staff costs	25,377	-

12. Investment in Subsidiaries

	Company	
	31.7.2005	31.7.2004
	RM	RM
Unquoted shares, at cost	191,448,813	174,567,839

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

Name of subsidiaries	Equity interest held (%)		Principal activities
	2005	2004	
Subur Tiasa Plywood Sdn. Bhd.	100	100	Manufacture and sale of plywood and veneer
Subur Tiasa Particleboard Sdn. Bhd.	100	100	Manufacture and sale of particleboard
R H Timber Processing Industries Sdn. Bhd.	100	100	Manufacture and sale of sawn timber
Trimogreen Sdn. Bhd.	100	100	Manufacture and sale of sawn timber and finger joint moulding
Subur Tiasa Forestry Sdn. Bhd.	100	100	Tree planting (reforestation)
Sarawak Plywood (M) Sdn. Bhd.	100	100	Logging, sawnmilling and marketing of logs and sawn timber
Homet Raya Sdn. Bhd.	100	100	Independent power producer
Palmlyn Sdn. Bhd. *	100	-	Cultivation of oil palm
T. Q. Oriental Sdn. Bhd.	100	100	Dormant

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

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

12. Investment in Subsidiaries (con'd)

Acquisition of subsidiary

On 30 September 2004, the Group acquired 100% equity interest in Palmlyn Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM11,890,974.

The acquisition had the following effect on the Group's financial results for the year:

	31.7.2005
	RM
Net loss for the year	221,370

The acquisition had the following effect on the financial position of the Group as at the end of the year:

	RM
Property, plant and equipment	19,719,658
Inventories	28,500
Goodwill on acquisition	2,380,831
Other receivables	915,105
Cash and bank balances	218,837
Trade and other payables	(1,941,558)
Land premium payable	(1,266,519)
Deferred tax liabilities	(3,611,690)
Group's share of net assets	16,443,164

During the financial year, the Group increased its investment in Palmlyn Sdn. Bhd. by subscription of 4,990,000 ordinary shares of RM1.00 each.

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	30.9.2004
	RM
Property, plant and equipment	16,000,000
Trade and other payables	(3,094,606)
Deferred tax liabilities (Note 24)	(3,611,690)
Group's share of net assets	9,293,704
Goodwill on acquisition (Note 14)	2,597,270
Cost of acquisition	11,890,974

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

12. Investment in Subsidiaries (con'd)

	30.9.2004 RM
Purchase consideration satisfied by : Cash	11,890,974
Cash outflow arising on acquisition : Net cash outflow of the Group	11,890,974

13. Rights in Timber Licences

	31.7.2005 RM	Group 31.7.2004 RM	31.7.2005 RM	Company 31.7.2004 RM
At cost	224,330,460	224,330,460	183,446,732	183,446,732
Less: Accumulated amortisation	(91,143,219)	(71,907,537)	(76,902,819)	(63,179,550)
	133,187,241	152,422,923	106,543,913	120,267,182

14. Goodwill/Reserve on Consolidation

	31.7.2005 RM	Group 31.7.2004 RM
Goodwill on consolidation		
At 1 August 2004 /1 February 2003	11,658,293	11,658,293
Acquisition of subsidiary (Note 12)	2,597,270	-
	14,255,563	11,658,293
Less: Accumulated amortisation	(10,431,875)	(9,253,530)
At 31 July 2005/2004	3,823,688	2,404,763
Reserve on consolidation		
At 1 August 2004 /1 February 2003	64,791,069	64,791,069
Less: Accumulated amortisation	(46,778,149)	(40,299,043)
At 31 July 2005/2004	18,012,920	24,492,026

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

15. Long Term Receivables

	31.7.2005 RM	Group 31.7.2004 RM	31.7.2005 RM	Company 31.7.2004 RM
Advanced payment for purchase of timber logs	20,618,030	22,680,632	20,618,030	22,680,632
Advances to sub-contractors	-	4,455,890	-	-
	20,618,030	27,136,522	20,618,030	22,680,632

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.

16. Inventories

	31.7.2005 RM	Group 31.7.2004 RM	31.7.2005 RM	Company 31.7.2004 RM
At cost				
Raw materials:				
- Logs	9,890,819	14,746,946	4,923,568	7,825,761
- Waste timber	447,092	445,707	-	-
Finished goods				
- Finger joint moulding	244,678	207,739	-	-
- Particleboard	9,343,726	2,250,736	-	-
- Plywood and veneer	30,172,848	23,140,632	-	-
- Sawn timber	2,088,509	2,089,110	176,955	-
Work-in-progress	3,389,005	4,727,194	-	-
General stores	20,117,375	16,217,665	236,927	-
Nursery stocks and tree planting expenditure	-	1,441,815	-	-
Oil palm seedlings	28,500	-	-	-
	75,722,552	65,267,544	5,337,450	7,825,761
At net realisable value:				
Finished goods				
- Sawn timber	-	1,052,897	-	-
	75,722,552	66,320,441	5,337,450	7,825,761

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

16. Inventories (con'd)

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

	31.7.2005 RM	Group 31.7.2004 RM
Depreciation (Note 11)	-	17,148
Staff cost	-	338,331

17. Trade and Other Receivables

	31.7.2005 RM	Group 31.7.2004 RM	31.7.2005 RM	Company 31.7.2004 RM
Trade receivables	22,461,873	28,519,673	7,248,999	7,988,289
Less: Allowance for doubtful debts	(1,649,224)	(1,649,224)	(25,176)	(25,176)
	20,812,649	26,870,449	7,223,823	7,963,113
Other receivables	2,908,568	2,509,609	279,750	880,260
Less: Allowance for doubtful debts	(1,000,000)	(20,000)	-	-
	1,908,568	2,489,609	279,750	880,260
Advances to sub-contractors	-	881,564	-	-
Dividends receivable	-	-	14,312,414	-
Deposits	1,282,134	2,206,032	7,710	1,258,895
Prepayments	2,119,172	2,909,234	1,800,000	2,662,501
	26,122,523	35,356,888	23,623,697	12,764,769

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

17. Trade and Other Receivables (con'd)

The currency exposure profile of trade receivables is as follows:

	31.7.2005	Group	31.7.2005	Company
	RM	31.7.2004	RM	31.7.2004
		RM		RM
Ringgit Malaysia	7,847,737	11,143,668	1,348,932	3,375,817
US Dollar	14,614,136	17,376,005	5,900,067	4,612,472
	<hr/>	<hr/>	<hr/>	<hr/>
	22,461,873	28,519,673	7,248,999	7,988,289

Included in trade receivables of the Group and the Company are amounts of RM4,944,276 (31.7.2004: RM3,472,426) and RM961,891 (31.7.2004: RM953,717) respectively due from companies in which certain directors and substantial shareholders of the Company have financial interests. These amounts are unsecured and interest-free and has no fixed terms of repayment.

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

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

18. Amount Due from/(to) Subsidiaries

	31.7.2005	Company
	RM	31.7.2004
		RM
Amounts due from subsidiaries	16,461,548	26,297,874
Less: Allowance for doubtful debts	(5,192,719)	(7,062,485)
	<hr/>	<hr/>
	11,268,829	19,235,389
Amounts due to subsidiaries	(44,759,421)	(17,715,016)
Advances from a subsidiary	(27,400,000)	(27,400,000)
	<hr/>	<hr/>
	(72,159,421)	(45,115,016)

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

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

19. Cash and Cash Equivalents

	31.7.2005	Group 31.7.2004	31.7.2005	Company 31.7.2004
	RM	RM	RM	RM
Cash on hand and at banks	8,846,603	5,932,856	2,438,239	278,319
Deposits with licensed banks	81,009,743	43,602,805	3,100,000	3,500,000
Cash and bank balances	89,856,346	49,535,661	5,538,239	3,778,319
Bank overdraft (Note 20)	(2,002,988)	(662,578)	(2,002,988)	(662,578)
Cash and cash equivalents	87,853,358	48,873,083	3,535,251	3,115,741

Deposits with licensed banks of the Company amounting to RM2,000,000 (31.7.2004: Nil) are pledged to a bank for forward foreign exchange contract facilities granted to the Company.

The weighted average interest rates of deposits at the balance sheet date were as follows:

	31.7.2005	Group 31.7.2004	31.7.2005	Company 31.7.2004
	%	%	%	%
Deposits with licensed banks	2.7	2.8	2.5	2.8

Deposits of the Group and the Company have an average maturity period of 1 day to 3 months (31.7.2004: 4 days to 3 months).

20. Borrowings

	31.7.2005	Group 31.7.2004	31.7.2005	Company 31.7.2004
	RM	RM	RM	RM
Short term borrowings				
Unsecured:				
Bank overdraft	2,002,988	662,578	2,002,988	662,578
Term loans	32,636,000	32,641,000	26,000,000	26,000,000
	34,638,988	33,303,578	28,002,988	26,662,578

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

20. Borrowings (con'd)

	31.7.2005	Group	31.7.2005	Company
	RM	31.7.2004	RM	31.7.2004
		RM		RM
Long term borrowings				
Unsecured:				
Term loans	36,516,000	69,152,000	32,000,000	58,000,000
<hr/>				
Total				
Bank overdraft (Note 19)	2,002,988	662,578	2,002,988	662,578
Term loans	69,152,000	101,793,000	58,000,000	84,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
	71,154,988	102,455,578	60,002,988	84,662,578
<hr/>				
Maturity of borrowings:				
Within one year	34,638,988	33,303,578	28,002,988	26,662,578
More than 1 year and less than 2 years	36,516,000	32,636,000	32,000,000	26,000,000
More than 2 years and less than 5 years	-	36,516,000	-	32,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
	71,154,988	102,455,578	60,002,988	84,662,578
<hr/>				

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.

The effective interest rates are as follows:

	31.7.2005	Group	31.7.2004	Company
	%	31.7.2004	31.7.2004	31.7.2004
		%		%
Bank overdraft	7.00	7.00	7.00	7.00
Term loans	6.13	6.09	6.50	6.50
<hr/>				

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

21. Trade and Other Payables

	31.7.2005	Group 31.7.2004	31.7.2005	Company 31.7.2004
	RM	RM	RM	RM
Trade payables	40,258,388	50,958,182	14,687,329	15,125,413
Other payables	3,206,976	10,324,787	355,884	8,369,709
Deposits	540,057	372,747	58,800	58,800
Accruals	4,119,704	2,595,761	2,207,809	1,303,088
	<hr/> 48,125,125	<hr/> 64,251,477	<hr/> 17,309,822	<hr/> 24,857,010

The currency exposure profile of trade payables is as follows:

	31.7.2005	Group 31.7.2004	31.7.2005	Company 31.7.2004
	RM	RM	RM	RM
Ringgit Malaysia	39,888,631	50,527,977	14,687,329	15,125,413
US Dollar	241,865	57,327	-	-
Euro	65,047	85,480	-	-
Japanese Yen	52,939	274,512	-	-
Singapore Dollar	9,906	12,886	-	-
	<hr/> 40,258,388	<hr/> 50,958,182	<hr/> 14,687,329	<hr/> 15,125,413

Included in trade payables of the Group and the Company are amounts of RM16,087,339 (31.7.2004: RM23,909,096) and RM6,151,334 (31.7.2004: RM7,599,259) respectively due from 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.

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

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

22. Share Capital

	Number of Ordinary Shares of RM1 Each		Amount	
	31.7.2005	31.7.2004	31.7.2005 RM	31.7.2004 RM
Authorised	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid	200,000,000	200,000,000	200,000,000	200,000,000

Treasury Shares

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

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 22 December 2004, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 3,567,900 of its issued ordinary shares from the open market at an average price of RM2.68 per share. The total consideration paid for the repurchase including transaction costs was RM9,557,849. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. As treasury shares, the right attached as to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased has been sold as at 31 July 2005.

Of the total 200,000,000 (31.7.2004: 200,000,000) issued and fully paid ordinary shares as at 31 July 2005, 15,766,700 (31.7.2004: 12,198,800) are held as treasury shares by the Company. As at 31 July 2005, the number of outstanding ordinary shares in issue and fully paid is therefore 184,233,300 (31.7.2004: 187,801,200) ordinary shares of RM1 each.

23. Retained Profits

As at 31 July 2005, the Company has tax exempt profits available for distribution of approximately RM10,903,000 (31.7.2004: RM10,248,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profits as at 31 July 2005.

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

24. Deferred Tax

	31.7.2005 RM	Group 31.7.2004 RM	31.7.2005 RM	Company 31.7.2004 RM
At 1 August 2004/1 February 2003	7,991,361	(1,538,108)	1,270,000	866,000
Recognised in income statement (Note 8)	6,831,243	9,529,469	1,665,000	404,000
Acquisition of subsidiary (Note 12)	3,611,690	-	-	-
	18,434,294	7,991,361	2,935,000	1,270,000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(585,000)	(2,572,130)	-	-
Deferred tax liabilities	19,019,294	10,563,491	2,935,000	1,270,000
	18,434,294	7,991,361	2,935,000	1,270,000

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

Deferred tax liabilities of the Group:

	Property, plant and equipment RM	Rights in timber licences RM	Total RM
At 1 August 2004	10,162,883	9,003,608	19,166,491
Recognised in income statement	4,218,589	(1,543,476)	2,675,113
Acquisition of subsidiary	3,611,690	-	3,611,690
At 31 July 2005	17,993,162	7,460,132	25,453,294
At 1 February 2003	4,954,000	11,318,822	16,272,822
Recognised in income statement	5,208,883	(2,315,214)	2,893,669
At 31 July 2004	10,162,883	9,003,608	19,166,491

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

24. Deferred Tax (con'd)

Deferred tax assets of the Group:

	Unused tax losses and unutilised capital allowances RM	Property, plant and equipment RM	Allowance of inventories RM	Total RM
At 1 August 2004	(10,500,580)	(674,550)	-	(11,175,130)
Recognised in income statement	4,727,580	89,550	(661,000)	4,156,130
At 31 July 2005	(5,773,000)	(585,000)	(661,000)	(7,019,000)
At 1 February 2003	(17,023,030)	(787,900)	-	(17,810,930)
Recognised in income statement	6,522,450	113,350	-	6,635,800
At 31 July 2004	(10,500,580)	(674,550)	-	(11,175,130)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM	Dividend receivable RM	Total RM
At 1 August 2004	1,270,000	-	1,270,000
Recognised in income statement	505,000	1,160,000	1,665,000
At 31 July 2005	1,775,000	1,160,000	2,935,000
At 1 February 2003	866,000	-	866,000
Recognised in income statement	404,000	-	404,000
At 31 July 2004	1,270,000	-	1,270,000

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

24. Deferred Tax (con'd)

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

	31.7.2005	Group
	RM	31.7.2004
		RM
Deductible temporary differences on property, plant and equipment	4,147,000	10,948,000
Unused tax losses	6,990,000	5,919,000
Unutilised capital allowances	6,487,000	-
	<hr/>	<hr/>
	17,624,000	16,867,000
	<hr/>	<hr/>

25. Significant Related Party Transactions

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.

(a) Transactions with subsidiaries:

	12 months	Company
	ended	18 months
	31.7.2005	ended
	RM	RM
Sales of logs to:		
- Subur Tiasa Plywood Sdn. Bhd.	64,584,348	102,300,733
- Trimogreen Sdn. Bhd.	9,966,551	16,072,145
- Sarawak Plywood (M) Sdn. Bhd.	-	434,892
Sale of waste wood to:		
- Subur Tiasa Particleboard Sdn. Bhd.	117,013	390,990
Purchase of sawn timber from:		
- Trimogreen Sdn. Bhd.	29,107	18,721
Purchase of plywood from:		
- Subur Tiasa Plywood Sdn. Bhd.	61,940	-

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

25. Significant Related Party Transactions (con'd)

(a) Transactions with subsidiaries: (con'd)

	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Purchase of logs from:		
- Sarawak Plywood (M) Sdn. Bhd.	3,733,629	3,708,218
Purchase of property, plant and equipment from:		
- Subur Tiasa Forestry Sdn. Bhd.	1,096,840	-

(b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests:

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Air tickets charges paid/payable to:				
- R.H. Tours and Travel Agency Sdn. Bhd.*@	228,892	273,212	166,951	205,675
Freight and handling charges paid/payable to:				
- Caswan Jaya Sdn. Bhd.	886,775	1,532,702	-	-
- Continental Spectrum Sdn. Bhd. ^	-	240,730	-	-
- Globalcom Sdn. Bhd. ^	-	32,313	-	-
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	143,776	-	-	-
- Hornbilland Bhd^	-	273,969	-	-
- Jaras Sdn. Bhd.*	238,443	239,566	238,443	239,566
- Jaya Tiasa Holdings Berhad*	400,257	537,130	400,257	537,130
- Lajong Lumber Company Sdn. Bhd.*	113,277	107,796	-	-
- Laut Sepakat Sdn. Bhd.	1,377,001	901,081	1,377,001	901,081
- Onward Shipping Sdn. Bhd.#	1,569,528	2,447,852	-	-
- Rimbunan Hijau Sdn. Bhd.*@	-	66,604	-	-
- Syarikat Perkapalan C. H. Ling Sdn. Bhd.#	5,306,784	10,411,776	-	-
- Taman Logging Sdn. Bhd.*@^&+	2,227,974	2,899,470	2,227,974	2,899,470
- Tenaga Bangsawan Sdn. Bhd.	669,385	636,029	667,385	635,029

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

25. Significant Related Party Transactions (con'd)

(b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (con'd)

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Freight and handling charges paid/payable to: (con'd)				
- Twinfield Sdn. Bhd.*	-	110,382	-	110,382
- Vital Focus Shipping Sdn. Bhd. ^	-	111,826	-	-
Helicopter charter charges paid/payable to:				
- Jaya Tiasa Aviation Sdn. Bhd.*@	114,200	199,950	82,600	199,950
Insurance charges paid/payable to:				
- Evershine Agency Sdn. Bhd.*^#	73,472	292,686	59,148	114,516
- Harmony Agencies Sdn. Bhd.*^+	-	50,276	-	2,853
Logging contract fee paid/payable to:				
- Baram Lumber Development Sdn. Bhd.*@^+	24,329,667	37,425,980	24,329,667	37,425,980
- Borneo Tunas Sdn. Bhd.*@	16,830,040	22,273,561	16,830,040	22,273,561
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	36,104,465	56,484,272	-	-
- Sovereign Hill Sdn. Bhd. *@^+	10,374,626	21,335,560	10,156,780	21,335,560
- Sunplus Resources Sdn. Bhd.*@	41,718,253	57,190,576	41,718,253	57,190,576
Purchase of property, plant and equipment from:				
- Baram Lumber Development Sdn. Bhd.*@^+	-	456,000	-	456,000
- Borneo Tunas Sdn. Bhd.*@	2,881,050	-	2,881,050	-
- Comserv (Sarawak) Sdn. Bhd.*	92,975	415,398	80,102	370,538
- Pan Sarawak Company Sdn. Bhd.	67,870	361,561	4,730	163,211
- Sunplus Resources Sdn. Bhd.*@	-	7,711,500	-	7,711,500
- Jaya Tiasa Plywood Sdn. Bhd.*@	800,000	-	-	-
- Rejang Height Sdn. Bhd.*@	-	109,119	-	-
- Rimbunan Hijau General Trading Sdn. Bhd.*@	350,000	395,470	350,000	44,251

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

25. Significant Related Party Transactions (con'd)

(b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (con'd)

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Marketing fee paid/payable to:				
- Rimbunan Hijau Sdn. Bhd.*@	1,440,233	2,328,371	1,440,223	2,328,371
Purchase of consumable stores from:				
- Comserv (Sarawak) Sdn. Bhd.*	14,235	40,001	6,780	22,634
- Gunong Mulu Development Co. Sdn. Bhd.*@	433,294	-	-	-
- Jaya Tiasa Plywood Sdn. Bhd.*	-	49,238	-	-
- Jaya Tiasa R&D Sdn. Bhd.*	-	245,162	-	-
- Lajong Lumber Company Sdn. Bhd.*	344,781	1,033,476	-	-
- Pan Sarawak Company Sdn. Bhd.	429,778	738,692	97,734	123,324
- Rimbunan Hijau General Trading Sdn. Bhd.*@	1,493,261	2,574,042	83,605	-
- Tiong Toh Siong & Sons Sdn. Bhd.*@	1,643,992	936,620	-	-
Purchase of electricity from:				
- Jaya Tiasa Timber Products Sdn. Bhd.*@	663,867	1,267,418	-	-
Purchase of logs from:				
- Binamewah Sdn. Bhd.*^&+	3,372,411	-	-	-
- Jaya Tiasa Holdings Berhad*	-	451,674	-	-
- Lukutan Enterprises Sdn. Bhd.*@	777,506	-	-	-
- Perpuluhan Jaya Sdn. Bhd.*#	1,651,349	-	-	-
- Rimbunan Hijau Sdn. Bhd.*@	-	23,880,721	-	77,655
- Rejang Height Sdn. Bhd.*@	1,045,809	1,833,904	448,354	1,833,904
- Rimbunan Hijau Southeast Asia Sdn. Bhd.*@	9,816,579	14,234,996	-	412,260
- Sarica Enterprise Sdn. Bhd.*	8,659,106	-	-	-
- Twinfield Sdn. Bhd.*	208,279	163,011	208,279	163,011

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

25. Significant Related Party Transactions (con'd)

(b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (con'd)

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Purchase of raw materials from:				
- Petanak Enterprises Sdn. Bhd.*	26,940,791	30,708,733	-	-
- Sarawak Forest Products Sdn. Bhd.*@	33,300	33,900	-	-
Purchase of waste timber from:				
- Borneo Lumber Industries Sdn. Bhd.	11,466	152,288	-	-
- Unique Wood Sdn. Bhd.	219,231	289,724	-	-
- Rejang Height Sdn. Bhd.*@	295,050	151,645	-	-
Rental of land paid/payable to:				
- Rimbunan Hijau Sdn. Bhd.*@	114,400	129,600	-	-
- Tiong Toh Siong Holdings Sdn. Bhd.*@^+	10,200	15,300	-	-
Sales of property, plant and equipment to:				
- Mafrica Trading Sdn. Bhd.**	-	750,000	-	-
- Perpuluhan Jaya Sdn. Bhd.**	-	100,000	-	-
- Rejang Height Sdn. Bhd.*@	832,408	-	-	-
Rental income from:				
- Perpuluhan Jaya Sdn. Bhd.**	22,200	37,500	-	-
- Tiong Toh Siong Holdings Sdn. Bhd.*@^+	235,200	352,800	235,200	352,800
Supply of electricity to:				
- Perpuluhan Jaya Sdn. Bhd.**	-	873,835	-	-
- Jaya Tiasa Holdings Berhad*	37,501	53,368	-	-
Sales of logs to:				
- Borneo Lumber Industries Sdn. Bhd.	1,167,577	4,352,742	1,167,577	4,352,742
- Perpuluhan Jaya Sdn. Bhd.**	-	2,046,808	-	351,462

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

25. Significant Related Party Transactions (con'd)

- (b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (con'd)

	12 months ended 31.7.2005 RM	Group 18 months ended 31.7.2004 RM	12 months ended 31.7.2005 RM	Company 18 months ended 31.7.2004 RM
Sales of logs to: (con'd)				
- Rimbunan Hijau Sdn. Bhd.*@	-	22,136,763	-	1,047,375
- Rimbunan Hijau Southeast Asia Sdn. Bhd.*@	4,174,994	7,627,457	-	-
- Sarica Enterprise Sdn. Bhd.*	5,399,864	-	-	-
- Unique Wood Sdn. Bhd.	309,318	326,119	309,318	326,119
Sales of waste timber to:				
- Jaya Tiasa Timber Products Sdn. Bhd.*@	39,350	94,840	-	-
Maintenance services income received/receivable from:				
- Perpuluhan Jaya Sdn. Bhd.*#	-	35,000	-	-
Contract fee income from:				
- Rejang Height Sdn. Bhd.*@	4,508,121	1,063,551	-	-

* These are companies in which Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, a substantial shareholder of the Company and a director of certain subsidiaries and Jaya Tiasa R&D Sdn. Bhd., has interest, both direct and/or indirect interest.

@ These are companies in which Tan Sri Datuk Diong Hiew King @ Tiong Hiew King and Datuk Tiong Thai King are directors.

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., Subur Tiasa Forestry Sdn. Bhd., Petanak Enterprises Sdn. Bhd., R.H. Tours & Travel Agency Sdn. Bhd., Rimbunan Hijau Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd., has interest, either direct or indirect interest.

^ 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 Berhad, Vital Focus Shipping Sdn. Bhd. and Sarawak Plywood (M) Sdn. Bhd., has interest, either direct or indirect interest.

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

25. Significant Related Party Transactions (con'd)

- (b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (con'd)
- + These are companies in which Datuk Tiong Thai King, a director of Sarawak Plywood (M) Sdn. Bhd., Jaras Sdn. Bhd., Harmony Agencies Sdn. Bhd., Binamewah Sdn. Bhd., Sarica Enterprise Sdn. Bhd., Perpuluhan Jaya Sdn. Bhd., Lajong Lumber Company Sdn. Bhd. and Mafrica Trading Sdn. Bhd., has interest, both direct and/or indirect interest.
- & These are companies in which Chay Tai Wah @ Chay Tai Cheong, a director of Sarawak Plywood (M) Sdn. Bhd., Rimbunan Hijau Sdn. Bhd., Sarica Enterprise Sdn. Bhd., Taman Logging Sdn. Bhd., Binamewah Sdn. Bhd. and Lukutan Enterprises Sdn. Bhd., has direct interest.

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

(a) Tiong Kiong King

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

Director of the following companies:

- Rimbunan Hijau Sdn. Bhd.;
- Tiong Toh Siong Holdings Sdn. Bhd.; and
- 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.;
- Taman Logging Sdn. Bhd.; and
- Globalcom Sdn. Bhd.

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

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

25. Significant Related Party Transactions (con'd)

(b) 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 Forestry Sdn. Bhd.;
- Subur Tiasa Plywood Sdn. Bhd.; and
- Trimogreen Sdn. Bhd.

Substantial shareholder of Tenaga Bangsawan Sdn. Bhd.

Deemed interested in Caswan Jaya Sdn. Bhd. and Tenaga Bangsawan Sdn. Bhd. by virtue of her substantial shareholding in Jet Holdings Sdn. Bhd.

Deemed interested in Laut Sepakat Sdn. Bhd., Borneo Lumber Industries Sdn. Bhd. and Unique Wood Sdn. Bhd. by virtue of her substantial shareholding in Unique Wood Holdings Sdn. Bhd.

A family member of Tiong Ing is deemed interested in Pan Sarawak Company Sdn. Bhd. by virtue of his substantial shareholding in Pan Sarawak Holdings Sdn. Bhd.

26. Commitments

(a) Capital commitment:

	31.7.2005	Group 31.7.2004	31.7.2005	Company 31.7.2004
	RM	RM	RM	RM
Authorised and contracted for	26,553,718	17,692,241	-	10,553,015
Authorised and not contracted for	6,124,264	4,251,734	-	-
	<u>32,677,982</u>	<u>21,943,975</u>	<u>-</u>	<u>10,553,015</u>

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

26. Commitments (con'd)

(a) Capital commitment: (con'd)

	31.7.2005 RM	Group 31.7.2004 RM	31.7.2005 RM	Company 31.7.2004 RM
Analysed as follows:				
Property, plant and equipment	32,677,982	11,390,960	-	-
Acquisition of Palmlyn Sdn. Bhd.	-	10,553,015	-	10,553,015
	32,677,982	21,943,975	-	10,553,015

(b) Operating lease commitments:

	31.7.2005 RM	Group 31.7.2004 RM
Not later than 1 year	264,600	96,600
Later than 1 year and not later than 5 years	529,200	193,200
	793,800	289,800

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

27. Contingent Liabilities

	31.7.2005 RM	Company 31.7.2004 RM
Unsecured:		
Corporate guarantees given to banks for banking facilities granted to subsidiaries	12,065,100	18,663,500

28. Other Significant Events

On 30 September 2004, the Company acquired 100% equity interest in Palmlyn Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM11,890,974.

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

29. Financial Instruments

(a) Financial Risk Management Objectives and Policies

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

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

(b) Interest Rate Risk

The Group's income and operating cash flows are 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.

(c) Foreign Exchange Risk

The Group is exposed to currency risk as a result of the foreign currency transactions, mainly in United States Dollars, 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.

As at the balance sheet date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturity.

	Currency	Maturity within 90 days RM
At 31 July 2005:		
Forwards used to hedge anticipated sales	United States Dollar	45,412,629
At 31 July 2004:		
Forwards used to hedge anticipated sales	United States Dollars	112,202,222

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

29. Financial Instruments (con'd)

(c) Foreign Exchange Risk (con'd)

The net unrecognised gain as at 31 July 2005 on forward contracts used to hedge anticipated sales which are expected to occur during August 2005 to October 2005 amounted to RM41,286 and are deferred until the related sales occur, which are time they will be included in the movement of the sales.

(d) Liquidity risk

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

(e) Credit risk

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

(f) Fair Values

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

	Carrying amount RM	31.7.2005 Fair value RM	Carrying amount RM	31.7.2004 Fair value RM
Group				
Long term receivables	20,618,030	14,896,744	27,136,522	20,249,369
Term loans	36,516,000	33,461,046	69,152,000	62,944,047
Company				
Long term receivables	20,618,030	14,896,744	22,680,632	16,045,699
Term loans	32,000,000	29,196,019	58,000,000	52,626,543

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

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

30. 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) and oil palm plantation

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

(a) Primary Reporting Format - Business Segments

31 July 2005

	Logs Trading RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
Revenue					
External revenue	246,707,199	281,268,965	4,540,093	-	532,516,257
Inter-segment sales	83,279,677	3,414,044	9,773	(86,703,494)	-
Total revenue	329,986,876	284,683,009	4,549,866	(86,703,494)	532,516,257
Result					
Segment results	47,375,702	72,770,042	(3,625,692)	(1,649,164)	114,870,888
Finance costs					(5,273,768)
Taxation					(24,937,050)
Net profit for the year					84,660,070
Assets					
Segment assets	274,160,061	364,164,215	33,026,607	(99,643,296)	571,707,587
Unallocated assets					658,342
Consolidated total assets					572,365,929

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

30. Segment Reporting (con'd)

(a) Primary Reporting Format - Business Segments (con'd)

31 July 2005

	Logs Trading RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
Liabilities					
Segment liabilities	161,145,972	64,018,087	6,404,645	(99,643,296)	131,925,408
Unallocated liabilities					24,076,380
					<hr/>
Consolidated total liabilities					156,001,788

Other Information

Capital expenditure	12,527,503	14,226,780	4,727,601	(1,569,644)	29,912,240
Depreciation	4,788,174	21,753,512	278,733	-	26,820,419
Impairment losses	-	1,406,715	-	-	1,406,715
Amortisation of timber rights	19,235,682	-	-	-	19,235,682

31 July 2004

	Logs Trading RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
Revenue					
External revenue	318,089,669	372,844,027	1,063,551	-	691,997,247
Inter-segment revenue	131,896,668	5,781,891	-	(137,678,559)	-
					<hr/>
Total revenue	449,986,337	378,625,918	1,063,551	(137,678,559)	691,997,247
					<hr/>
Result					
Segment results	39,799,260	59,970,970	(181,578)	(608,657)	98,979,995
Finance costs					(10,290,461)
Taxation					(25,671,723)
					<hr/>
Net profit for the period					63,017,811
					<hr/>
Assets					
Segment assets	304,868,736	315,295,964	14,583,348	(95,383,642)	539,364,406
Unallocated assets					6,376,423
					<hr/>
Consolidated total assets					545,740,829

NOTES TO THE FINANCIAL STATEMENTS-

31 JULY 2005

30. Segment Reporting (con'd)

(a) Primary Reporting Format - Business Segments (con'd)

31 July 2004

	Logs				
	Trading	Manufacturing	Others	Eliminations	Consolidated
	RM	RM	RM	RM	RM
Liabilities					
Segment liabilities	206,232,229	55,411,228	9,823,455	(95,383,642)	176,083,270
Unallocated liabilities					10,563,491
Consolidated total liabilities					186,646,761
Other Information					
Capital expenditure	15,034,902	32,522,049	5,548,863	(175,409)	52,930,405
Depreciation	3,540,731	32,103,776	17,274	-	35,661,781
Amortisation of timber rights	28,853,522	-	-	-	28,853,522
Impairment losses	-	1,899,378	-	-	1,899,378

(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.

	12 months ended 31.7.2005 RM	18 months ended 31.7.2004 RM
South Korea	38,002,167	106,154,654
Malaysia	102,656,389	148,818,987
Japan	53,412,403	62,028,662
India	74,526,619	99,905,482
Taiwan	113,021,126	79,284,179
Vietnam	37,039,312	44,800,109
Other countries	113,858,241	151,005,174
	532,516,257	691,997,247

NOTES TO THE FINANCIAL STATEMENTS- 31 JULY 2005

31. Comparatives

The comparative figures have been audited by a firm of chartered accountants other than Ernst & Young.

The presentation and classification of items in the current year financial statements have been consistent with the previous financial period except that the following comparative amounts have been adjusted to conform with current year's presentation.

	As restated RM	Adjustments RM	As previously stated RM
Group			
Income statement			
Cost of sales	486,246,026	2,315,214	483,930,821
Taxation	25,671,723	2,315,214	27,986,937
Balance sheet			
Rights in timber licences	152,422,923	9,003,608	143,419,315
Deferred tax liabilities	10,563,491	9,003,608	1,559,883

LIST OF PROPERTIES AS AT 31 JULY 2005

Location	Tenure	Existing Use	Land Area (Hectares)	Approximate Age of Building	Net Book Value as at 31/07/05 (RM)	Date of Acquisition
Lot 96, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2031	Vacant	2.315	-	433,982	04.09.1998
Lot 97, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2026	Vacant	1.5621	-	376,998	09.10.1996
Lot 270, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2026	Vacant	2.035	-	525,744	08.01.1995
Lot 272, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2026	Vacant	2.286	-	617,194	28.01.1995
Lot 1494, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2029	Vacant	0.1921	-	69,776	25.08.1997
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25 Sep, 2057	Factory, office, welfare building	24.054	16 years	26,099,532	31.03.1989
Lot 101, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2029	Vacant	2.185	-	649,990	31.07.2000
Lot 103, Block 16, Seduan Land District	Leasehold land expiring on 31 Dec, 2029	Vacant	1.4043	-	417,806	31.07.2000
Lot 113, Block 3, Sare Land District	Rented Leasehold land expiring on 02 May, 2053	Factory, office, welfare building	-	13 years	17,582	01.07.1992
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25 Sep, 2057	Factory, office, welfare building	-	11 years	19,339,039	30.12.1994
Lot 113, Block 3, Sare Land District	Rented Leasehold land expiring on 02 May, 2053	Factory, office, welfare building	-	12 years	2,897,420	31.12.1993
Lot 82, Block 3, Sare Land District	Rented Leasehold land expiring on 22 Sep, 2052	Factory, office building	-	10 years	445,823	09.01.1995
Kuala Temala, Baram	-	Factory, office, welfare building	-	22 years	839,152	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	25 years	1	20.05.1980
Lot 854-866, Block 10, Sibul Town District	Pending issuance of land title	Office building	0.2123	4 years	12,604,812	01.06.2001
Lot 701, Block 5, Miri Concession Land District	Leasehold land expiring on 27 Dec, 2036	Residential use	0.0720	28 years	311,865	20.02.2004
Concession Land, Garu, Kapit	-	Factory, office, welfare building	-	-	615,878	31.07.2005
Concession Land, Bala, Bintulu	-	Welfare building	-	1	74,194	29.10.2004
Plantation area at Ng. Dap, near Kanowit	-	Nursey, office, welfare building	-	1	2,685,041	27.07.2004
Lot 19, Balingian Land District, Mukah	Leasehold land expiring on 11 Feb, 2064	Oil palm plantation	5,000	-	16,793,257	30.09.2004

ANALYSIS OF SHAREHOLDINGS AS AT 27 OCTOBER 2005

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	8	240	#
100 to 1,000	3,192	3,178,687	1.73
1,001 to 10,000	2,303	8,577,885	4.67
10,001 to 100,000	253	6,233,609	3.39
100,001 to less than 5% of issued shares	49	54,052,188	29.41
5% and above of issued shares	5	111,759,391	60.80
Total	5,810	183,802,000 *	100.00 *

Negligible

* Excluding 16,198,000 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 27 October 2005.

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 27 OCTOBER 2005

	No. of ordinary shares of RM1.00 each	Percentage (%)
1. Tiong Toh Siong Holdings Sdn. Bhd.	59,000,000	32.10
2. Raya Abadi Sdn. Bhd.	16,130,984	8.78
3. Kinta Hijau Sdn. Bhd.	16,130,983	8.78
4. Twintop Sdn. Bhd.	10,497,424	5.71
5. Mayban Nominees (Tempatan) Sdn. Bhd. - DBS Bank for Twintop Sdn. Bhd. (200782)	10,000,000	5.44
6. HSBC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Bahagia Abadi Timber Industries Sdn. Bhd. (323-160416-089)	7,200,000	3.92
7. Permodalan Nasional Berhad	4,945,200	2.69
8. Zen Tak Properties Sdn. Bhd.	4,543,400	2.47
9. Citigroup Nominees (Asing) Sdn. Bhd. - UBS AG Singapore for Pacific Investment Fund	3,499,000	1.90
10. Tiong Toh Siong & Sons Sdn. Bhd.	3,340,012	1.82
11. Nustinas Sdn. Bhd.	3,280,000	1.79
12. Teck Sing Lik Enterprise Sdn. Bhd.	3,272,121	1.78
13. HSBC Nominees (Asing) Sdn. Bhd. - JPMorgan International Bank for Roxton Investments Limited	2,792,661	1.52
14. Serrano Group Limited	2,488,600	1.35
15. Wong Yiing Ngik	1,744,000	0.95
16. Bahagia Abadi Timber Industries Sdn. Bhd.	1,600,983	0.87
17. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Thai King	1,309,067	0.71
18. Teck Sing Lik Enterprise Sdn. Bhd.	1,185,000	0.64
19. AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,077,689	0.59
20. Tiong Toh Siong Enterprises Sdn. Bhd.	1,000,000	0.54
21. Diong Hiew King @ Tiong Hiew King	900,584	0.49
22. HSBC Nominees (Asing) Sdn. Bhd. - JPMorgan Chase Bank for Roxton Investments Limited (Account 2)	890,440	0.48
23. Tiong Chiong Ong	847,058	0.46
24. Tiong Ing	769,656	0.42
25. Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Law Cheng King (E-JCL)	598,749	0.33
26. Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Koperasi Polis Diraja Malaysia Bhd (514011315674)	532,560	0.29
27. Minister Of Finance - Akaun Jaminan Pinjaman Kerajaan Persekutuan	517,560	0.28
28. Mayban Nominees (Asing) Sdn. Bhd. - DBS Bank for Bloomswick Ltd. (200890)	506,000	0.28
29. Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Fund	438,600	0.24
30. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Susy Ding (CEB)	388,800	0.21
	161,427,131	87.83

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 27 OCTOBER 2005

Name	No. of Shares		
	Direct Interest (registered in own name)	Direct Interest (held through Nominees)	Deemed Interest
1. Tiong Toh Siong Holdings Sdn. Bhd.	59,000,000 (32.10%)	-	23,837,436 ^{*1} (12.97%)
2. Raya Abadi Sdn. Bhd.	16,130,984 (8.78%)	-	-
3. Kinta Hijau Sdn. Bhd.	16,130,983 (8.78%)	-	-
4. Twintop Sdn. Bhd.	10,497,424 (5.71%)	10,000,000 (5.44%)	-
5. Teck Sing Lik Enterprise Sdn. Bhd.	4,457,121 (2.42%)	-	83,837,436 ^{*2} (45.61%)
6. Tan Sri Datuk Tiong Hiew King @ Diong Hiew King	1,056,305 (0.57%)	-	88,294,557 ^{*3} (48.04%)

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

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

*3 Deemed interested by virtue of substantial shareholding in Twintop Sdn. Bhd., Tiong Toh Siong Holdings Sdn. Bhd., Tiong Toh Siong Enterprises 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 Tenth Annual General Meeting of the Company to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak on Wednesday, 28 December 2005 at 11.30 am and any adjournment thereof.

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

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

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 July 2005 together with the Reports of the Directors and Auditors thereon.		
2.	Approval of the payment of Directors' fees for the financial year ended 31 July 2005.		
3.	Approval of the increase of Directors' fees for the financial year ending 31 July 2006.		
4.	Re-election of Mr. Tiong Kiong King as Director.		
5.	Re-election of Mr. Ngu Woo Hieng as Director.		
6.	Re-appointment of YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as Director.		
7.	Re-appointment of Messrs. Ernst & Young as Auditors.		
	Special business :		
8.	Ordinary Resolution No. 1 Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
9.	Ordinary Resolution No. 2 Proposed renewal of authority for purchase of own shares by the Company		
10.	Ordinary Resolution No. 3 Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
11.	Special Resolution No. 1 Proposed amendment to the Company's Articles of Association		

Shareholding Represented by Proxy

Dated this _____ day of _____ 2005

Signature of shareholder(s)/common seal

Notes :-

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

The Secretary
Subur Tiasa Holdings Berhad

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

