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SUBUR TIASA HOLDINGS BERHAD 341792-W



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak on Thursday, 21 December 2006 at 11.30 am for the following purposes :-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2006 together with the Reports of the Directors and Auditors thereon.
2. To approve the increase of directors' fees amounting to RM35,000 bringing the total directors' fees for the financial year ending 31 July 2007 to RM200,000. **Resolution 1**
3. To re-elect YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh who retires in accordance with Article 86 of the Company's Articles of Association and being eligible, offers himself for re-election. **Resolution 2**
4. To consider and if thought fit, to pass the following resolution :-
"THAT YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai who retires in accordance with Section 129 of the Companies Act, 1965 be hereby re-appointed as a director of the Company to hold office until the next annual general meeting."
Resolution 3
5. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 4**
6. As special business

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

Ordinary Resolution No. 1

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

Resolution 5

"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 4 to 9) of the Circular to Shareholders dated 27 November 2006 ("Circular"), 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 [contd.]

- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial period where :-
- (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
 - (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the lower,

and amongst others, based on the following information :-

- the type of recurrent transactions made; and
- the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company.

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.

AND THAT the estimated value given on the recurrent related party transactions specified in point 3(b) of the Circular being provisional in nature, the Directors of the Company be hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in point 3(e) of the Circular."

NOTICE OF ANNUAL GENERAL MEETING [contd.]

Ordinary Resolution No. 2

■ Proposed renewal of authority for purchase of own shares by the Company

Resolution 6

“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 30 October 2006 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 2006 **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 commence immediately upon passing of this ordinary resolution and shall continue in force until :-

- (a) the conclusion of the first 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.”



NOTICE OF ANNUAL GENERAL MEETING [contd.]

Ordinary Resolution No. 3

■ 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 Company’s Articles of Association 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 hereby empowered to obtain approval for the listing and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next annual general meeting of the Company.”

7. To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company’s Articles of Association.

By order of the Board

Yeo Eng Siang (MIA 5905)

Voon Jan Moi (MAICSA 7021367)

Joint Company Secretaries

Dated : 27 November 2006
Sibu, Sarawak

Explanatory Notes on Special Business

(a) Ordinary resolution on Shareholders’ Mandate for recurrent related party transactions

Paragraph 10.09 of Bursa Malaysia Securities Listing Requirements states that with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations, the public listed company may seek a Shareholders’ Mandate.

The proposed Resolution No. 5, 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 4 to 9) of the Circular, 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.

Resolution 7

NOTICE OF ANNUAL GENERAL MEETING [contd.]

By obtaining the Shareholders' Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of the STHB Group or adversely affecting the business opportunities available to the STHB Group.

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

The proposed Resolution No. 6, 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 revoked or varied by ordinary resolution passed by shareholders at general meeting.

Please refer to the Statement to Shareholders dated 27 November 2006 for further information.

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

The proposed Resolution No. 7 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. With this authority, the Company will be able to raise capital from the equity market in a shorter period of time and the costs to be incurred will also be lower as the need to convene an extraordinary general meeting will be dispensed with.

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 Eleventh Annual General Meeting of the Company are :-

- (i) YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh
- (ii) 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 2006. 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%)
Mr. Tiong Kiong King	2 (50%)
Madam Tiong Ing	4 (100%)
YBhg. Datuk William Lau Kung Hui	4 (100%)
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	4 (100%)
Mr. Ngu Woo Hieng	4 (100%)

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

The Eleventh Annual General Meeting shall be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibul, Sarawak on Thursday, 21 December 2006 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 9 to 11 of the Annual Report 2006.



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

YBhg. Temenggong Datuk Kenneth Kanyan Anak
Temenggong Koh
- Independent Director

Mr. Ngu Woo Hieng
- Independent Director

COMPANY SECRETARIES

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

REGISTERED OFFICE

No. 66-78, Pusat Suria Permata
Jalan Upper Lanang
C.D.T. 123, 96000 Sibu, Sarawak
Tel : 084-211 555
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

Malayan Banking Berhad
RHB Bank Berhad

AUDITORS

Ernst & Young (AF: 0039)
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

STOCK NAME

SUBUR

STOCK CODE

6904



PROFILE OF DIRECTORS

YABHG. DATUK PATINGGI TAN SRI DR. WONG SOON KAI

Independent Director, Malaysian, aged 79

YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai was first appointed to the Board of Subur Tiasa Holdings Berhad on 21 June 1997. He is presently the Chairman of the Board, Audit Committee, Nomination Committee and Remuneration Committee of the Company.

He graduated with M.B.B.S from University Malaya, Singapore and worked as a Specialist Medical Practitioner for over 20 years. In addition, he had 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. He also 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 four Board Meetings held in the financial year ended 31 July 2006. He has a direct shareholdings of 10,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad and he holds no share in the subsidiaries of the Company as at 30 October 2006.

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

Non-Independent Non-Executive Director, Malaysian, aged 59

Mr. Tiong Kiong King was appointed to the Board of Subur Tiasa Holdings Berhad on 21 June 1997. He is the Vice Chairman of the Board and 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 two out of the four Board Meetings held in the financial year ended 31 July 2006. He extended his apologies for the meetings of which he did not attend. He has a direct shareholdings of 1,090,804 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad and he holds no share in the subsidiaries of the Company as at 30 October 2006.

Mr. Tiong is a brother of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, a substantial shareholder of the Company and an uncle to Madam Tiong Ing who is the Managing Director of the Company. Currently, he also sits on the Board of a public-listed company, Rimbunan Sawit Berhad. He is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate will be sought at the forthcoming annual general meeting. Details pertaining to these transactions are disclosed in Note 25(b) of the Notes to the Financial Statements.



PROFILE OF DIRECTORS [contd.]

TIONG ING

Managing Director, Malaysian, aged 49

Madam Tiong Ing was first 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. On 1 October 2003, she was appointed as the Group Managing Director. 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 of the four Board Meetings held in the financial year ended 31 July 2006. She has a direct shareholdings of 813,956 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad and indirect shareholdings of 35,000 ordinary shares of RM1.00 each by virtue of her substantial shareholdings in Unique Wood Sdn. Bhd. as at 30 October 2006. Madam Tiong holds no share in the subsidiaries of the Company.

Madam Tiong is the eldest 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 a Director of the Company. She does not hold any directorship in any other public-listed company. She is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate will be sought at the forthcoming annual general meeting. Details pertaining to these transactions are disclosed in Note 25(b) of the Notes to the Financial Statements.

YBHG. DATUK WILLIAM LAU KUNG HUI

Independent Director, Malaysian, aged 56

YBhg. Datuk William Lau Kung Hui was first appointed to the Board of Subur Tiasa Holdings Berhad on 21 June 1997 and he is a member of the Audit, Nomination and Remuneration Committees of the Company. 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 28 years. Presently, he also sits on the Board of a public-listed company, Ekran Berhad.

YBhg. Datuk William Lau 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.

He attended all of the four Board Meetings held in the financial year ended 31 July 2006. He has a direct shareholdings of 10,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad and he holds no share in the subsidiaries of the Company as at 30 October 2006.

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 [contd.]

YBHG. TEMENGGONG DATUK KENNETH KANYAN ANAK TEMENGGONG KOH

Independent Director, Malaysian, aged 64

YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh was first appointed to the Board of Subur Tiasa Holdings Berhad on 21 June 1997. He graduated from Chartered Institute of Business Administration, Ireland. He was the Political Secretary to 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 YAB Deputy Prime Minister and YAB Prime Minister of Malaysia. He also served as a Senator from 1981 to 1987.

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 in recognition of his contribution to the community. He also sits on the Board of a public-listed company, Sin Chew Media Corporation Berhad.

He attended all of the four Board Meetings held in the financial year ended 31 July 2006. He has a direct shareholdings of 300,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad as at 30 October 2006. He holds no share in the subsidiaries of the Company.

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

Independent Director, Malaysian, aged 53

Mr. Ngu Woo Hieng joined the Board of Subur Tiasa Holdings Berhad on 22 February 2002 and he is a member of the Audit, Nomination and Remuneration Committees of the Company. 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 CPA Australia. Currently, he is also a partner/chairman of an audit firm in Sarawak.

Mr. Ngu attended all of the four Board Meetings held in the financial year ended 31 July 2006. He has a direct shareholdings of 20,000 ordinary shares of RM1.00 each in Subur Tiasa Holdings Berhad and he holds no share in the subsidiaries of the Company as at 30 October 2006.

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-listed 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)

100%

Supreme Standard Development Sdn Bhd (717556-V)

100%

Allied Asiatic Sdn Bhd (734184-M)

100%

Diamond Plywood Sdn Bhd (750284-A)



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 2006, 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	4
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

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 [contd.]

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 AC must meet the criteria set by Paragraph 15.10 (1)(c) of the Bursa Malaysia Securities Listing Requirements and para 7.1 of the Practice Note No. 13/2002, 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; or
 - he holds a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
 - has at least seven years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 3.4 Paragraph 15.21 of Bursa Malaysia Securities Listing Requirements requires the term of office and performance of the AC and each of its members to be reviewed by the Board of Directors at least once every three years.
- 3.5 Chairman of the AC shall be elected from among their independent directors according to Paragraph 15.11 of Bursa Malaysia Securities Listing Requirements.

4. Authority

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;



AUDIT COMMITTEE REPORT [contd.]

4. Authority (contd.)

- e) Have authority to direct the Internal Audit Functions (both corporate and subsidiaries where applicable) in its activities, including approval of appointments of senior executives and budgets in these functions; and
- f) Be able to engage independent professional advisers or other advisers and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

5. Functions and Duties

The AC 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.



AUDIT COMMITTEE REPORT [contd.]

5. Functions and Duties (contd.)

- 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.
- 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 AC 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 AC 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 AC may request other directors, members of management, counsels, internal auditors (including subsidiaries) and external auditors, applicable to participate in AC meetings, as necessary and when so invited, to carry out the AC's responsibilities.
- 6.6 At least once a year, the AC shall meet with the external auditors, excluding the attendance of the executive directors of the committee, whenever deemed necessary.
- 6.7 Majority members of independent directors must be present in meeting in order to form a quorum for an AC meeting.



AUDIT COMMITTEE REPORT [contd.]

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

In line with the term of reference of the AC, the AC carried out the following activities during the financial year ended 31 July 2006 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 of the annual revenue and budgets;
- e) Review of the related party transactions entered into by the Group;
- f) Review of pertinent issues and matters that had a significant impact on the results of the Group; and
- g) Meet with the external auditors to review their findings and recommendations.

INTERNAL AUDIT FUNCTION

The Internal Audit Department plays an essential role in assisting the AC in executing its duties and functions. It undertakes 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.



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 and the extent to which it has complied with the Best Practices set out in the Code.

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 four 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.

For the financial year ended 31 July 2006, four Board Meetings were held. The details of attendance of each of the Board Members at the Board Meetings are outlined as follows:

Directors	Number of Meetings Attended
1 YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	4 out of 4
2 Mr. Tiong Kiong King	2 out of 4
3 Madam Tiong Ing	4 out of 4
4 YBhg. Datuk William Lau Kung Hui	4 out of 4
5 YBhg. Temenggong Datuk Kenneth Kyan 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 Managing 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 9 to 11.



CORPORATE GOVERNANCE STATEMENT [contd.]

Board Balance (contd.)

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 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 had since 24 June 2002 appointed YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as the Senior Independent Director.

Supply of information

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

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

Appointments to the Board

The Code 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;
- 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 Managing/Executive Director's objectives and goals and the assessment of performance of these persons.

CORPORATE GOVERNANCE STATEMENT [contd.]

Nomination Committee (contd.)

The Nomination Committee shall consist of not less than three members, the majority of whom shall be non-executive directors.

The Nomination Committee has met once during the financial year ended 31 July 2006.

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. All the Directors had completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities Berhad and had fulfilled their minimum Continuing Education Programme ("CEP") points requirements as at 31 December 2005. The Board acknowledges that continuous training is important to broaden their perspectives and to keep them abreast with regulatory and corporate governance developments. The descriptions of the trainings/seminars attended by some of the Directors in addition to the CEP points requirements during the financial year ended 31 July 2006 are as follows:

Title of training/seminar	Mode of training	Duration of seminar
Bond Markets	External speaker	1 day
Company Valuation, Restructuring & Funding	External speaker	1 day
Off-Balance Sheet Items, Offshore Accounts & Derivatives	External speaker	1 day

The Directors are actively encouraged to attend relevant programmes to further enhance their skills and knowledge whilst keeping abreast with industry developments on a continuous basis.

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 has met once during the financial year ended 31 July 2006.



CORPORATE GOVERNANCE STATEMENT [contd.]

Risk Management Committee

The Risk Management Committee is led by our Managing Director, Madam Tiong Ing. 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.

Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the ensuing Annual General Meeting after their appointment.

In addition, in accordance with the Company's Articles of Association and in compliance with the Bursa Malaysia Securities Listing Requirements, the remaining Directors, including the Managing Director shall retire from office once at least in each three years, but shall be eligible for re-election. The Articles provide that one-third of the Directors, except the Managing Director but subject to the above, or if the number is not three (3) or a multiple of three (3), then the nearest one-third of the Directors shall retire from office and be subject to re-election at each Annual General Meeting.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

DIRECTORS' REMUNERATION

Details of the remuneration of the Directors for their services rendered for the Group for the financial year ended 31 July 2006 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 RM	Executive Director RM
Fees	166,000	57,000
Salary	-	574,000
Bonus	-	241,500
Allowance	264,000	1,074,000
EPF	-	223,860
Total	430,000	2,170,360

Remuneration	Non- Executive Director	Executive Director
Less than RM50,000	3	-
RM50,001 – RM100,000	1	-
RM250,001 – RM300,000	1	-
RM2,150,001 – RM2,200,000	-	1

CORPORATE GOVERNANCE STATEMENT [contd.]



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.

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 25 to 26.

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 13 to 17.



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 28 December 2005, 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 financial year, a total of 4,233,300 of the Company's own shares were purchased pursuant to the share buy-back authority. 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	Total Cost
		Highest	Lowest		
		RM	RM		
August 2005	186,500	2.56	2.47	2.53	471,361
September 2005	179,400	2.77	2.47	2.65	474,975
October 2005	110,000	2.76	2.63	2.71	298,219
November 2005	228,200	2.70	2.63	2.70	617,149
December 2005	411,800	2.70	2.67	2.71	1,116,546
January 2006	115,000	2.76	2.70	2.77	317,987
February 2006	147,100	2.78	2.70	2.77	407,170
March 2006	990,000	2.83	2.70	2.83	2,798,294
April 2006	1,742,600	3.20	2.83	3.03	5,285,865
May 2006	122,700	3.70	3.42	3.64	446,348
June 2006	-	-	-	-	-
July 2006	-	-	-	-	-
	4,233,300				12,233,914

NON-AUDIT FEE

The non-audit fees paid by the Company and its subsidiaries to the external auditors for the financial year ended 31 July 2006 amounted to RM39,600.

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 2006 or entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION [contd.]

RECURRENT RELATED PARTY TRANSACTIONS

At the Company's Annual General Meeting held on 28 December 2005, 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 RRPT as well as the related parties involved in the RRPT conducted pursuant to the shareholders' mandate during the financial year ended 31 July 2006 are indicated in Note 25(b) of the financial statements outlined in pages 79 to 84 of this Annual Report. At the forthcoming Annual General Meeting to be held on 21 December 2006, the Company will propose renewal of and new shareholders' mandate in respect of existing and new RRPT.

REVALUATION OF LANDED PROPERTIES

The Group did not adopt any revaluation policy on landed properties for the financial year ended 31 July 2006.

DIRECTORS' INTEREST AS AT 30 OCTOBER 2006

	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.	Tiong Kiong King	1,090,804 ^{*1}	-	1,090,804	0.61
3.	Tiong Ing (f)	813,956	35,000 ^{*2}	848,956	0.47
4.	YBhg. Datuk William Lau Kung Hui	10,000	-	10,000	0.01
5.	YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	300,000 ^{*3}	-	300,000	0.17
6.	Ngu Woo Hieng	20,000 ^{*3}	-	20,000	0.01

Notes :

- *1 1,079,689 shares held through AMSEC Nominees (Tempatan) Sdn. Bhd.
- *2 Deemed interested by virtue of her substantial shareholding in Unique Wood Sdn. Bhd.
- *3 Held through Public Nominees (Tempatan) 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 the 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

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. This is an on-going process adopted by the Board to identifying, evaluating, managing and reporting on the significant risk faced by the Group throughout the financial year.

The Board established a Risk Management Committee led by the Managing Director to oversee that Risk Management System is properly and adequately implemented. 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.

Equipped with the effective and efficient Risk Management Framework, the Board and the management will constantly enhance the Group's existing practices. Nevertheless, it should be noted that the system is to help, manage and control risks appropriately rather than to eliminate it.

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.

STATEMENT ON INTERNAL CONTROL [contd.]

INTERNAL CONTROLS (contd.)

- 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.
- 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 and risks management process of the Group to put up with constantly changing and challenging environment.



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 Group and the Company at the end of the financial year, the results and cash flows of the Group and the Company for the financial year.

In preparing those statements, the directors have:

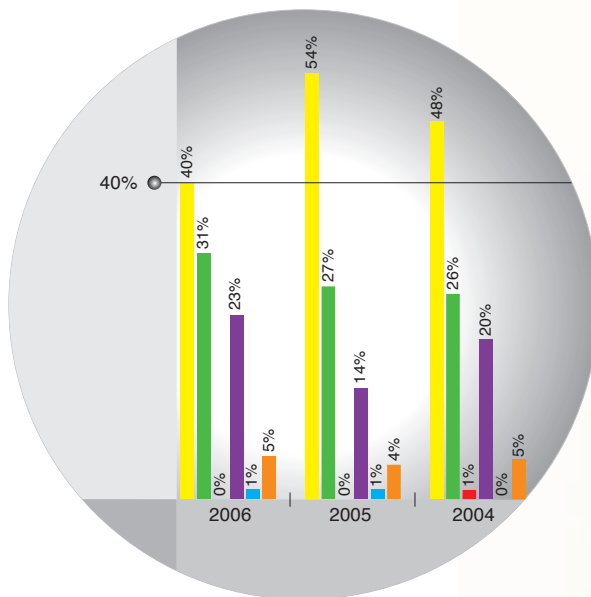
- adopted suitable accounting policies and then apply them consistently,
- made judgements and estimates that are prudent and reasonable,
- ensure applicable accounting standards have been followed, and
- prepared the financial statements on the going concern basis as the directors have reasonable expectation,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

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



FINANCIAL HIGHLIGHTS

Export volume in % for last 3 financial years



Logs

Plywood

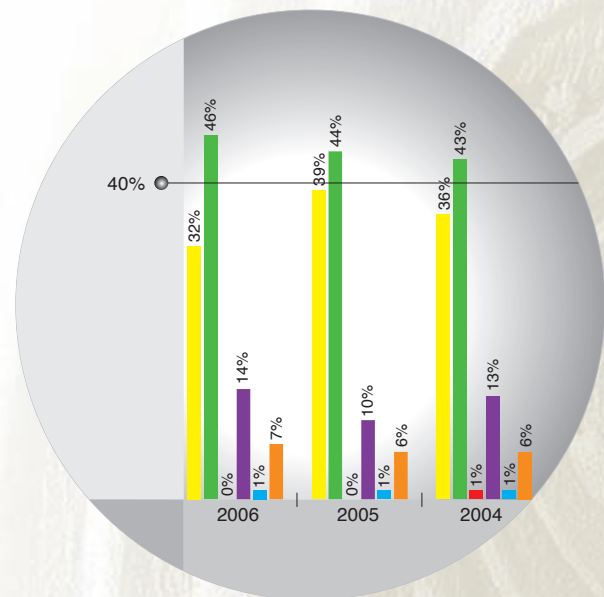
Veneer

Particleboard

Moulding

Sawn Timber

Export value in % for last 3 financial years



GROUP FINANCIAL HIGHLIGHTS

	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000
Revenue	508,388	532,516	691,997	370,979	320,825
Profit/(Loss) Before Taxation	93,123	109,597	88,690	46,121	(20,033)
Profit/(Loss) After Taxation	74,157	84,660	63,018	33,154	(20,005)
Shareholders' Fund	447,386	398,351	334,602	322,604	289,451
Net Earnings/(Loss) Per Share (Sen)	40.7	45.6	32.1	16.6	(10.0)
Return on Shareholders' Fund (%)	16.58	21.25	18.83	10.28	(6.91)
Net Assets Per Share (RM)	2.55	2.26	1.91	1.78	1.57



EXPORT MARKET HIGHLIGHTS

▶ **Malaysia**

- ▶ Thailand
- ▶ Philippines
- ▶ Vietnam

▶ Taiwan

▶ Hong Kong

▶ China

▶ Japan

▶ Korea

▶ Yemen

▶ Singapore

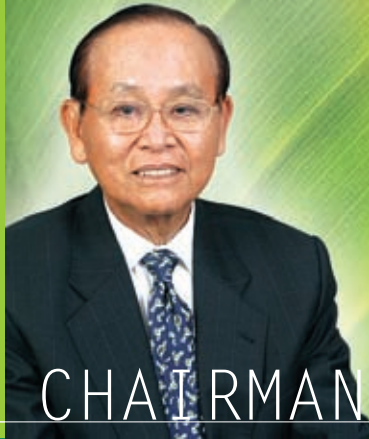
▶ Pakistan

▶ India

▶ Mexico

▶ Indonesia

▶ United States of America



On behalf of the board of directors, it is my great pleasure to present to you the annual report and financial statements of Subur Tiasa Holdings Berhad for the year ended 31 July 2006

CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

The financial year under review marks another remarkable year achieved by the Group, despite the negative market sentiment and an increasing challenging operating environment, in particular, the increase in crude oil prices and the unpegging of the Malaysian Ringgit to a managed float.

The Group recorded a revenue of RM508.4 million, a decrease of 5% from RM532.5 million in the previous financial year, mainly due to lower sales volume of logs. Profit before tax was RM93.1 million while profit after tax stood at RM74.2 million. This translated into a commendable earnings per share of 40.7 sen per share for the financial year under review.

The shareholders' funds increased by a further RM49.0 million from RM398.4 million as at the end of previous financial year to RM447.4 million. Return on shareholders' fund was 17% and net assets per share also rose to RM2.55 per share from RM2.26 per share as at the end of the previous financial year.

OPERATIONS REVIEW

Logging

During the financial year under review, the logging division contributed about 38% to the total revenue of the Group. Although the share of contribution to the total revenue had declined from 46%, the logging division continued to remain as the main earner for the Group. The decrease in logs revenue was mainly due to decrease of export sales volume, being partly counteracted by the increase of about 11% of the average export logs selling price. 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. 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 contribute significantly to the Group's total revenue, with its share of contribution increasing from 36% in previous financial year to 39% in the financial year under review. The increase of plywood revenue was in line with the increase of 6% of the export sales volume despite the marginal decrease in export plywood selling price, as compared to the previous financial year.



CHAIRMAN'S STATEMENT [contd.]

The Group's market strong hold of Taiwan, Hong Kong, South Korea, Thailand and Middle East continued to be our major customers. Our Group's investment in new machineries had seen improvement in efficiency and effectiveness in the utilisation of raw materials.

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.

The Group continued to work on certification to meet the requirements of the market. During the financial year, Subur Tiasa Plywood Sdn. Bhd. was awarded the EC Certificate of Factory Production Control by BM Trada Certification Ltd., United Kingdom to well position itself to enter certain markets where certification is required.

Particleboard

Our main markets are Vietnam, South Korea, Indonesia and the Philippines. Our particleboard is the preferred product due to its superior quality.

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

CORPORATE DEVELOPMENT

Our Group's commitment to sustainable forest management practices in logging and ongoing plantation activities will ensure continuous supply of wood to our down stream manufacturing industries. Our venture into cultivation of oil palms last year had progressed well so far. Our profit base will be expected to improve in the future upon the maturity of the crops.

We had further diversified into property holding and development activities during the financial year under review. The Group also commenced the provision of towage and transportation services towards the end of the financial year, mainly to support the transportation of logs for the Group.



CHAIRMAN'S STATEMENT [contd.]

PROSPECTS

Although prices for our timber products have increased, volatile crude oil prices will continue to have an impact on our raw materials and freight costs. The Group will continue to focus on optimizing our production capacities and resources coupled with prudent business practices. 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 ahead.

DIVIDENDS

The commitment of the Group to delivering superior shareholder value is clearly demonstrated by consistently improving rewards to our loyal shareholders. The Board had declared an interim dividend of 5 sen per share, tax exempt and 3 sen per share less 28% taxation, which was paid on 16 August 2006 for the financial year ended 31 July 2006.

APPRECIATION

I would like to take this opportunity to express our heartfelt thanks and appreciation to my fellow Board of Directors for their wise and prudent advice in shaping the Group's direction to ensure our continued success in the increasing challenging global environment. The Group is fortunate to have a strong management team which is resilient, insightful 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, financial institutions, business partners, various government and regulatory bodies as well as shareholders for their continued invaluable support.

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Directors' Report

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SUBUR TIASA HOLDINGS BERHAD 341792-W

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 2006.

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 are set out in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities except the Group commenced the operation of grocery store, property holding, provision of towage and transportation services during the year.

Results

	Group RM	Company RM
Net profit for the year	74,156,908	63,146,095
	=====	=====

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 2005 were as follows:

	RM
In respect of the financial year ended 31 July 2006:	
Interim dividends comprise 5 sen per share, tax exempt and 3 sen per share less 28% taxation on 180,000,000 ordinary shares, declared on 26 June 2006 and paid on 16 August 2006	12,888,000
	=====

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
 YBhg. Datuk William Lau Kung Hui
 YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh
 Tiong Kiong King
 Tiong Ing
 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 year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors 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			
	1.8.2005	Acquired	Sold	31.7.2006
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	1,111,604	14,700	3,000	1,123,304
Tiong Ing	769,656	13,000	-	782,656
Ngu Woo Hieng	20,000	-	-	20,000
Indirect Interest:				
Tiong Ing	70,000	-	35,000	35,000

Directors' Report

[contd.]

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SUBUR TIASA HOLDINGS BERHAD 341792-W

Treasury Shares

During the financial year, the Company repurchased 4,233,300 of its issued ordinary shares from the open market at an average price of RM2.89 per share. The total consideration paid for the repurchase including transaction costs was RM12,233,913. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

As at 31 July 2006, the Company held as treasury shares a total of 20,000,000 of its 200,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM53,570,468 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 the 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.

Other Statutory Information [contd.]

- (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

Other significant events are disclosed in Note 28 to the financial statements.

Subsequent Events

The subsequent event is disclosed in Note 29 to the financial statements.

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

Tiong Kiong King

Sibu, Malaysia
Date: 7 November 2006

Statement by Directors

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SUBUR TIASA HOLDINGS BERHAD 341792-W

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 41 to 90 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 2006 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

Tiong Kiong King

Sibu, Malaysia
Date: 7 November 2006

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 41 to 90 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 7 November 2006

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)

We have audited the financial statements set out on pages 41 to 90. 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 2006 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.

Report of the Auditors

[contd.]

to the Members of Subur Tiasa Holdings Berhad (Incorporated in Malaysia) (contd.)

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 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. 1881/03/08 (J)
Partner

Kuching, Malaysia
Date: 7 November 2006

Income Statements

For the Year Ended 31 July 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	3	508,387,585	532,516,257	301,325,948	257,182,865
Cost of sales		(324,601,356)	(333,730,273)	(153,351,972)	(162,012,399)
Gross Profit		183,786,229	198,785,984	147,973,976	95,170,466
Other operating income		3,421,685	3,321,326	800,940	2,356,750
Administrative expenses		(33,785,851)	(30,636,200)	(22,926,043)	(18,361,164)
Selling and distribution expenses		(40,903,766)	(40,278,587)	(18,587,383)	(18,119,180)
Other operating expenses		(16,110,753)	(16,321,635)	(18,723,267)	(13,723,268)
Profit from Operations	4	96,407,544	114,870,888	88,538,223	47,323,604
Finance cost	7	(3,284,735)	(5,273,768)	(2,783,010)	(4,473,009)
Profit Before Taxation		93,122,809	109,597,120	85,755,213	42,850,595
Taxation	8	(18,965,901)	(24,937,050)	(22,609,118)	(12,646,649)
Net Profit for the Year		74,156,908	84,660,070	63,146,095	30,203,946
=====					
Earnings Per Share (sen)					
- basic	9(a)	40.7	45.6		
- diluted	9(b)	N/A	N/A		
=====					
Net dividends per ordinary shares in respect of the year (sen)	10	7.2	6.2	7.2	6.2
=====					

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

Balance Sheets as at 31 July 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Non-Current Assets					
Property, plant and equipment	11	289,363,065	222,377,213	64,558,249	46,837,242
Investment in subsidiaries	12	-	-	192,538,814	191,448,813
Rights in timber licences	13	112,742,560	133,187,241	92,820,645	106,543,913
Goodwill on consolidation	14	2,602,055	3,823,688	-	-
Long term receivables	15	19,396,473	20,618,030	19,396,473	20,618,030
Deferred tax assets	24	665,000	585,000	-	-
		424,769,153	380,591,172	369,314,181	365,447,998
Current Assets					
Inventories	16	62,065,821	75,722,552	12,847,943	5,337,450
Trade and other receivables	17	22,777,914	26,122,523	8,162,156	23,623,697
Amounts due from subsidiaries	18	-	-	33,692,854	11,268,829
Tax recoverable		526,163	73,342	-	-
Cash and bank balances	19	99,458,451	89,856,346	20,824,663	5,538,239
		184,828,349	191,774,763	75,527,616	45,768,215
Current Liabilities					
Borrowings	20	38,493,591	34,638,988	33,977,591	28,002,988
Trade and other payables	21	65,072,259	48,125,125	31,219,082	17,309,822
Amounts due to subsidiaries	18	-	-	78,109,749	72,159,421
Tax payables		1,953,365	5,057,084	1,805,625	1,662,222
Dividends payable		12,923,584	11,378,776	12,923,584	11,378,776
		118,442,799	99,199,973	158,035,631	130,513,229
Net Current Assets/(Liabilities)		66,385,550	92,574,790	(82,508,015)	(84,745,014)
		491,154,703	473,165,962	286,806,166	280,702,984

Balance Sheets as at 31 July 2006

[contd.]

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
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	(53,570,468)	(41,336,555)	(53,570,468)	(41,336,555)
Retained profits	23	241,276,948	180,008,040	77,682,890	27,424,795
Reserve on consolidation	14	11,533,815	18,012,920	-	-
Capital and reserve		458,920,039	416,364,149	283,792,166	245,767,984
Borrowings	20	10,596,000	36,516,000	-	32,000,000
Deferred tax liabilities	24	20,981,119	19,019,294	3,014,000	2,935,000
Land premium payable		657,545	1,266,519	-	-
Non-current liabilities		32,234,664	56,801,813	3,014,000	34,935,000
		491,154,703	473,165,962	286,806,166	280,702,984

Consolidated Statements of Changes in Equity For the Year Ended 31 July 2006

	Note	← Non-Distributable →			Distributable	Total RM
		Share capital RM	Share premium RM	Treasury shares RM	Retained profits RM	
At 1 August 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
Purchase of treasury shares		-	-	(12,233,913)	-	(12,233,913)
Net profit for the year		-	-	-	74,156,908	74,156,908
Dividends	10	-	-	-	(12,888,000)	(12,888,000)
At 31 July 2006		200,000,000	59,679,744	(53,570,468)	241,276,948	447,386,224

Company Statements of Changes in Equity For the Year Ended 31 July 2006

	Note	← Non-Distributable →			Distributable	
		Share capital RM	Share premium RM	Treasury shares RM	Retained profits RM	Total RM
At 1 August 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
Purchase of treasury shares		-	-	(12,233,913)	-	(12,233,913)
Net profit for the year		-	-	-	63,146,095	63,146,095
Dividends	10	-	-	-	(12,888,000)	(12,888,000)
At 31 July 2006		200,000,000	59,679,744	(53,570,468)	77,682,890	283,792,166

Cash Flow Statements

For the Year Ended 31 July 2006

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SUBUR TIASA HOLDINGS BERHAD 341792-W

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Cash Flows from Operating Activities					
Profit before taxation		93,122,809	109,597,120	85,755,213	42,850,595
Adjustments for:					
Amortisation of reserve on consolidation		(6,479,105)	(6,479,106)	-	-
Amortisation of goodwill on consolidation		1,221,633	1,178,345	-	-
Amortisation of timber rights		19,235,681	19,235,682	13,723,268	13,723,269
Bad debts written off		89,178	-	-	-
Depreciation of property, plant and equipment		29,536,698	26,820,419	6,102,659	4,202,505
Impairment loss on property, plant and equipment		923,545	1,406,715	-	-
Property, plant and equipment written off		15,126	66,523	527	442
Impairment loss in value of investment in a subsidiary		-	-	4,999,999	-
Allowance for doubtful debts		-	980,000	-	-
Reversal of allowance for doubtful debts		(7,101)	-	(7,101)	(1,869,767)
Gain on disposal of property, plant and equipment		(76,254)	(214,645)	(56,494)	(2,098)
Interest expense		3,284,735	5,273,768	2,783,010	4,473,009
Interest income		(2,121,496)	(1,709,431)	(130,176)	(116,172)
Impairment loss on timber rights		1,209,000	-	-	-
Operating profit before working capital changes		139,954,449	156,155,390	113,170,905	63,261,783
Decrease/(increase) in inventories		13,656,731	(9,402,111)	(7,510,493)	2,488,311
Increase/(decrease) in trade and other receivables		4,484,088	14,772,855	16,690,199	(9,956,854)
Increase/(decrease) in trade and other payables		16,338,160	(17,954,439)	13,909,260	(7,547,188)
(Decrease)/increase in amount due to subsidiaries		-	-	(16,473,697)	37,301,438
Cash generated from operations		174,433,428	143,571,695	119,786,174	85,547,490
Interest paid		(3,677,156)	(5,273,768)	(2,783,010)	(4,473,009)
Tax paid		(20,656,132)	(10,368,335)	(22,386,715)	(6,886,291)
Tax refund		15,517	1,050,563	-	-
Net cash generated from operating activities		150,115,657	128,980,155	94,616,449	74,188,190

Cash Flow Statements

For the Year Ended 31 July 2006 [contd.]

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Cash Flows from Investing Activities					
Acquisition of subsidiaries		-	(11,890,974)	(4)	(11,890,974)
Additional investment in subsidiaries		-	-	(6,089,996)	(4,990,000)
Purchase of property, plant and equipment		(97,667,547)	(29,795,753)	(26,451,250)	(12,148,446)
Proceeds from disposal of property, plant and equipment		675,001	1,526,737	2,683,551	52,890
Interest received		2,121,496	1,709,431	130,176	116,172
Net cash used in investing activities		(94,871,050)	(38,450,559)	(29,727,523)	(28,860,358)
Cash Flows from Financing Activities					
Proceeds from drawdown of term loan		10,596,000	-	-	-
Repayment of term loan		(32,636,000)	(32,641,000)	(26,000,000)	(26,000,000)
Acquisition of treasury shares	22	(12,233,913)	(9,557,849)	(12,233,913)	(9,557,849)
Dividends paid		(11,343,192)	(9,350,472)	(11,343,192)	(9,350,473)
Net cash used in financing activities		(45,617,105)	(51,549,321)	(49,577,105)	(44,908,322)
Net Increase in Cash and Cash Equivalents		9,627,502	38,980,275	15,311,821	419,510
Cash and Cash Equivalents at Beginning of Year		87,853,358	48,873,083	3,535,251	3,115,741
Cash and Cash Equivalents at End of Year	19	97,480,860	87,853,358	18,847,072	3,535,251

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

Notes to the Financial Statements

- 31 July 2006

1. Corporate Information

The principal activities of the Company are investment holding, extraction and sale of logs, manufacturing and sale of sawn timber. The principal activities of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of the principal activities except that the Group commenced the operation of grocery store, property holding, provision of towage and transportation services during the 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 Sibul, Sarawak, Malaysia.

The number of employees in the Group and in the Company at the end of the financial year were 2,181 (2005: 2,358) and 271 (2005: 211) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 November 2006.

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.

Notes to the Financial Statements

- 31 July 2006

2. Significant Accounting Policies (contd.)

(b) Basis of Consolidation (contd.)

Subsidiaries (contd.)

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.

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.

Notes to the Financial Statements

- 31 July 2006

2. Significant Accounting Policies (contd.)

(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:

Long leasehold land	60 - 810 years
Short leasehold land	19 - 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.

Notes to the Financial Statements

- 31 July 2006

2. Significant Accounting Policies (contd.)

(g) 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.

(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 leases.

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.

Notes to the Financial Statements

- 31 July 2006

2. Significant Accounting Policies (contd.)

(j) Income Tax (contd.)

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.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to 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.

Notes to the Financial Statements

- 31 July 2006

2. Significant Accounting Policies (contd.)

(l) Revenue Recognition (contd.)

(ii) Revenue from supply of electricity

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

(iii) Contract fee

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

(iv) Dividend income

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

(v) Revenue from towage and transportation

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

(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:

	2006	2005
	RM	RM
United States Dollar	3.654	3.735
Euro	4.660	4.522
Japanese Yen	0.032	0.033
Singapore Dollar	2.313	2.247
	=====	

Notes to the Financial Statements

- 31 July 2006

2. Significant Accounting Policies (contd.)

(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 a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) 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.

Borrowing costs directly attributable to the acquisition, construction, production and preparation of qualifying assets until they are ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

Notes to the Financial Statements

- 31 July 2006

2. Significant Accounting Policies (contd.)

(o) Financial Instruments (contd.)

(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.

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.

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3. Revenue

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of logs	192,453,029	246,740,711	232,698,603	241,709,923
Sale of plywood	199,498,455	193,440,998	-	-
Sale of veneer	-	303,475	-	-
Sale of raw and laminated particleboard	63,663,345	48,600,912	-	-
Sale of sawn timber, finger joint moulding and by-products	44,568,158	38,842,793	4,088,117	-
Contract fee from timber extraction and reforestation	7,957,251	4,549,866	1,817,403	-
Dividend income	-	-	62,721,825	15,472,942
Others	247,347	37,502	-	-
	<u>508,387,585</u>	<u>532,516,257</u>	<u>301,325,948</u>	<u>257,182,865</u>

4. Profit from Operations

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit from operations is stated after charging:				
Staff costs (Note 5)	35,353,680	30,976,296	13,355,030	8,928,859
Non-executive directors' remuneration				
- fees	166,000	243,600	140,000	121,600
- other emoluments	264,000	366,000	240,000	240,000
Auditors' remuneration				
- current year	76,500	71,500	20,000	20,000
- overprovision in prior period	-	(18,000)	-	(5,000)
Amortisation of goodwill on consolidation	1,221,633	1,178,345	-	-
Amortisation of timber rights	19,235,681	19,235,682	13,723,268	13,723,269
Bad debts written off	89,178	-	-	-
Depreciation (Note 11)	29,536,698	26,820,419	6,102,659	4,202,505
Property, plant and equipment written off	15,126	66,523	527	442

Notes to the Financial Statements

- 31 July 2006

4. Profit from Operations (cont.)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Allowance for doubtful debts	-	980,000	-	-
Inventory write down	3,119,654	4,552,241	-	-
Rental of				
- buildings	153,360	146,680	8,910	6,500
- land	261,000	229,966	114,000	71,000
- equipment and vehicles	164,818	101,538	78,639	36,458
Impairment loss on property, plant and equipment	923,545	1,406,715	-	-
Impairment loss in value of investment in a subsidiary	-	-	4,999,999	-
Impairment loss on timber rights	1209,000	-	-	-
Unrealised foreign exchange loss	121,311	-	-	-
And after crediting :				
Amortisation of reserve on consolidation	(6,479,105)	(6,479,106)	-	-
Reversal of allowance for doubtful debts	(7,101)	-	(7,101)	(1,869,767)
Interest income	(2,121,496)	(1,709,431)	(130,176)	(116,172)
Net realised foreign exchange (gain)/loss	(323,763)	(420,223)	22,296	(83,422)
Gain on disposal of property, plant and equipment	(76,254)	(214,645)	(56,494)	(2,098)
Rental income - building	(386,418)	(375,548)	(235,200)	(235,200)

5. Staff Costs

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Wages, salaries and bonus	27,132,970	23,593,865	11,828,447	7,923,774
Employee provident fund	2,579,244	2,194,686	1,217,506	891,214
Other staff related expenses	5,641,466	5,187,745	309,077	113,871
	35,353,680	30,976,296	13,355,030	8,928,859

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SUBUR TIASA HOLDINGS BERHAD 341792-W

5. Staff Costs (contd.)

Included in staff costs of the Group and of the Company is an executive director's remuneration amounting to RM2,170,360 (2005: RM1,007,802) and RM2,114,360 (2005: RM952,802) respectively as further disclosed in Note 6.

6. Directors' Remuneration

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Director of the Company:				
Executive director				
- fees	57,000	52,000	25,000	21,000
- salaries, bonus and other emoluments	1,889,500	858,645	1,865,500	834,645
- employees provident fund	223,860	97,157	223,860	97,157
	<u>2,170,360</u>	<u>1,007,802</u>	<u>2,114,360</u>	<u>952,802</u>
Non-executive directors				
- fees	166,000	147,600	140,000	121,600
- other remuneration	264,000	264,000	240,000	240,000
	<u>430,000</u>	<u>411,600</u>	<u>380,000</u>	<u>361,600</u>
Directors of subsidiaries:				
Non-executive directors				
- fees	103,000	102,000	-	-
- other remuneration	96,000	96,000	-	-
	<u>199,000</u>	<u>198,000</u>	<u>-</u>	<u>-</u>
Total	<u>2,799,360</u>	<u>1,617,402</u>	<u>2,494,360</u>	<u>1,314,402</u>

Notes to the Financial Statements

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6. Directors' Remuneration (contd.)

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

	Number of directors	
	2006	2005
Executive director:		
RM1,000,001 - RM1,050,000	-	1
RM2,150,001 - RM2,200,000	1	-
Non-executive directors:		
Less than RM50,000	3	3
RM50,001 - RM100,000	1	1
RM250,001 - RM300,000	1	1

7. Finance Cost

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Interest expense	3,284,735	5,273,768	2,783,010	4,473,009

8. Taxation

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Income tax:				
Current year provision	16,953,625	18,269,000	22,488,000	10,900,000
Under/(over) provision in prior year/period	130,451	(163,193)	42,118	81,649
	<u>17,084,076</u>	<u>18,105,807</u>	<u>22,530,118</u>	<u>10,981,649</u>

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8. Taxation (contd.)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	2,285,825	6,940,243	281,000	1,759,000
Overprovided in prior year/period	(404,000)	(109,000)	(202,000)	(94,000)
	<hr/> 1,881,825	<hr/> 6,831,243	<hr/> 79,000	<hr/> 1,665,000
	<hr/> <hr/> 18,965,901	<hr/> <hr/> 24,937,050	<hr/> <hr/> 22,609,118	<hr/> <hr/> 12,646,649

Income tax is calculated at the statutory rate of 28% (2005: 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:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Statutory tax rate	28	28	28	28
Effect of income not subject to tax	(2)	(1)	(8)	(7)
Effect of expenses not deductible for tax purposes	5	5	6	9
Effect of expenses qualified for double deduction	(2)	(2)	-	-
Effect of utilisation of previously unrecognised unutilised reinvestment allowances	(6)	(6)	-	-
Effect of utilisation of current year's reinvestment allowances	(3)	(1)	-	-
Average effective tax rate	<hr/> 20	<hr/> 23	<hr/> 26	<hr/> 30

Notes to the Financial Statements

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9. Earnings Per Share

(a) Basic

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

	2006	2005
Net profit for the year (RM)	74,156,908	84,660,070
Weighted average number of ordinary shares in issue	182,180,325	185,773,908
Basic earnings per share (sen)	40.7	45.6

(b) Diluted

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

10. Dividends

	2006 RM	2005 RM	2006 Sen	2005 Sen
First interim dividends				
5 sen per share, tax exempt and 3 sen per share, less 28% taxation on 180,000,000 ordinary shares, declared on 26 June 2006 and paid on 16 August 2006	12,888,000	-	7.2	-
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
	12,888,000	11,353,034	7.2	6.2

Notes to the Financial Statements

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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
At 1 August 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
Additions	7,474,001	5,868,135	1,479,145	16,326,782	8,948,005	5,563,326	6,226,604	716,677	660,861	46,275,665	99,539,201
Disposals	-	-	-	-	(633,840)	-	-	(4,886)	(34,814)	(119,938)	(793,478)
Written off	-	-	-	-	-	(6,540)	-	(54,577)	-	(119)	(61,236)
Transfer	-	-	2,857,417	-	11,678,922	30,077,017	132,235	15,784	-	(44,761,375)	-
At 31 July 2006	36,819,437	10,108,014	115,220,769	17,171,723	50,160,582	296,146,626	42,546,683	13,904,573	23,879,893	6,584,362	612,542,662
Accumulated Depreciation and Impairment Losses											
At 1 August 2005:											
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
Depreciation charge for the year	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
Charge to income statement (Note 4)	277,137	143,426	3,940,101	-	3,612,755	16,835,715	2,542,881	1,239,175	2,424,741	-	31,015,931
Capitalised in plantation development expenditure	225,452	142,249	3,939,920	-	3,612,755	15,409,692	2,542,881	1,239,008	2,424,741	-	29,536,698
Impairment losses for the year	51,685	1,177	181	-	-	1,426,023	-	167	-	-	1,479,233
Disposals	-	-	-	-	-	923,545	-	-	-	-	923,545
Written off	-	-	-	-	(155,405)	-	-	(558)	(38,768)	-	(194,731)
Transfer	-	-	(23)	-	-	(6,534)	-	(39,576)	-	-	(46,110)
At 31 July 2006	2,165,911	1,291,814	60,402,293	-	24,350,931	193,964,017	18,380,206	6,535,327	16,089,098	-	323,179,597

Notes to the Financial Statements

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11. Property, Plant and Equipment (contd.)

Group	Long leasehold land		Short leasehold land	Buildings	Plantation development	Watercrafts, tractors, trucks and motor vehicles		Plant and machinery	Infrastructure facilities	Furniture, fittings and equipment	Computer hardware and software	Capital work-in-progress	Total
	RM	RM				RM	RM						
Accumulated Depreciation and Impairment Losses (contd.)													
Analysed as:													
Accumulated depreciation	2,165,911	1,291,814	60,402,293	-	24,350,931	188,795,077	18,380,206	6,535,327	16,089,098	-	-	-	318,010,657
Accumulated impairment losses	-	-	-	-	-	5,168,940	-	-	-	-	-	-	5,168,940
At 31 July 2006	2,165,911	1,291,814	60,402,293	-	24,350,931	193,964,017	18,380,206	6,535,327	16,089,098	-	-	-	323,179,597
Net Book Value													
At 31 July 2006	34,653,526	8,816,200	54,818,476	17,171,723	25,809,651	102,182,609	24,166,477	7,369,246	7,790,795	6,584,362	289,363,065		
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		
Depreciation charge for 2005													
Recognised in income statement (Note 4)	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
Capitalised in plantation development expenditure	51,685	-	-	-	-	64,791	-	10	-	-	-	-	116,486
	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

Notes to the Financial Statements

- 31 July 2006

11. Property, Plant and Equipment (contd.)

Company	Buildings		Watercrafts, tractors, trucks and motor vehicles		Plant and machinery		Infrastructure facilities		Furniture, fittings and equipment		Computer hardware and software		Capital work-in- progress		Total RM
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Cost															
At 1 August 2005	14,727,400	8,737,525	678,958	19,950,084	8,320,905	951,522	2,592,600	55,958,994							
Additions	446,187	4,586,398	26,916	6,217,847	537,476	611,164	14,025,262	26,451,250							
Disposals	-	(3,207,795)	-	-	(28,353)	-	-	(3,236,148)							
Written off	-	-	-	-	(521)	-	(119)	(640)							
Transfer	1,640,127	11,363,584	983,339	80,889	55,051	-	(14,122,990)	-							
At 31 July 2006	16,813,714	21,479,712	1,689,213	26,248,820	8,884,558	1,562,686	2,494,753	79,173,456							
Accumulated Depreciation															
At 1 August 2005	1,120,650	1,995,422	13,885	3,015,453	2,647,424	328,918	-	9,121,752							
Depreciation charge for the year (Note 4)	385,967	2,462,337	136,566	2,016,708	875,673	225,408	-	6,102,659							
Disposals	-	(604,814)	-	-	(4,277)	-	-	(609,091)							
Written off	-	-	-	-	(113)	-	-	(113)							
At 31 July 2006	1,506,617	3,852,945	150,451	5,032,161	3,518,707	554,326	-	14,615,207							
Net Book Value															
At 31 July 2006	15,307,097	17,626,767	1,538,762	21,216,659	5,365,851	1,008,360	2,494,753	64,558,249							
At 31 July 2005	13,606,750	6,742,103	665,073	16,934,631	5,673,481	622,604	2,592,600	46,837,242							
Depreciation charge for 2005 (Note 4)	288,991	1,194,843	10,906	1,755,462	817,930	134,373	-	4,202,505							

Notes to the Financial Statements

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11. Property, Plant and Equipment (contd.)

- (a) Certain buildings of the Group with net book value of RM3,460,773 (2005: RM3,926,249) are situated on land which is held by a company in which a director of certain subsidiaries and certain substantial shareholders of the Company have financial interests.
- (b) The net book value of the land and building of the Group and of the Company which the title have yet to be registered under the name of the Company and its subsidiary are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Long leasehold land	1,430,143	-	-	-
Short leasehold land	5,785,038	-	-	-
Building	12,420,957	12,604,812	12,420,957	12,604,812
	<u>19,636,138</u>	<u>12,604,812</u>	<u>12,420,957</u>	<u>12,604,812</u>

- (c) The net book value of long leasehold land with plantation and buildings of the Group pledged for borrowing as referred in Note 20 to the financial statement is RM33,111,488 (2005: Nil).
- (d) Included in plantation development expenditure of the Group are the following expenses incurred and capitalised during the financial year:

	Group	
	2006 RM	2005 RM
Depreciation	1,479,233	116,486
Staff costs	241,678	25,377
Interest expenses	392,421	-
	<u>2,113,332</u>	<u>141,863</u>

12. Investment in Subsidiaries

	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	197,538,813	191,448,813
Less: Accumulated impairment loss	(4,999,999)	-
	<u>192,538,814</u>	<u>191,448,813</u>

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12. Investment in Subsidiaries (contd.)

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

Name of subsidiaries	Equity interest held (%)		Principal activities
	2006	2005	
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	Forest plantation contractor
Sarawak Plywood (M) Sdn. Bhd.	100	100	Logging, sawmilling and marketing of logs and sawn timber
Homet Raya Sdn. Bhd.	100	100	Independent power producer
Palmlyn Sdn. Bhd. *	100	100	Cultivation of oil palm
T. Q. Oriental Sdn. Bhd.	100	100	Operation of a grocery store
Supreme Standard Development Sdn. Bhd.	100	-	Property holding and development
Allied Asiatic Sdn. Bhd.	100	-	Towage and transportation services

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

On 10 March 2006, the Company acquired 100% equity interest in Supreme Standard Development Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 26 May 2006, the Company acquired 100% equity interest in Allied Asiatic Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

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.

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12. Investment in Subsidiaries (contd.)

Acquisition of subsidiary

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

	2006 RM	2005 RM
Net loss for the year	9,067	221,370

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

	2006 RM	2005 RM
Property, plant and equipment	18,474,878	19,719,658
Trade debtors	17,616	-
Inventories	-	28,500
Goodwill on acquisition	-	2,380,831
Other receivables	-	915,105
Cash and bank balances	4,716,847	218,837
Trade and other payables	(17,218,408)	(1,941,558)
Land premium payable	-	(1,266,519)
Deferred tax liabilities	-	(3,611,690)
Group's share of net assets	5,990,933	16,443,164

13. Rights in Timber Licences

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost	224,330,460	224,330,460	183,446,732	183,446,732
Less:				
Accumulated amortisation	(110,378,900)	(91,143,219)	(90,626,087)	(76,902,819)
Accumulated impairment loss	(1,209,000)	-	-	-
	112,742,560	133,187,241	92,820,645	106,543,913

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14. Goodwill/Reserve on Consolidation

	Group	
	2006 RM	2005 RM
Goodwill on consolidation		
At 1 August	14,255,563	11,658,293
Acquisition of subsidiary	-	2,597,270
	<hr/>	<hr/>
	14,255,563	14,255,563
Less: Accumulated amortisation	(11,653,508)	(10,431,875)
	<hr/>	<hr/>
At 31 July	2,602,055	3,823,688
	<hr/> <hr/>	<hr/> <hr/>
Reserve on consolidation		
At 1 August	64,791,069	64,791,069
Less: Accumulated amortisation	(53,257,254)	(46,778,149)
	<hr/>	<hr/>
At 31 July	11,533,815	18,012,920
	<hr/> <hr/>	<hr/> <hr/>

15. Long Term Receivables

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Advanced payment for purchase of timber logs	19,396,473	20,618,030	19,396,473	20,618,030
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

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16. Inventories

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost				
Raw materials:				
- Logs	17,690,875	9,890,819	11,225,745	4,923,568
- Waste timber	377,734	447,092	-	-
Finished goods				
- Finger joint moulding	422,415	244,678	-	-
- Particleboard	2,761,253	9,343,726	-	-
- Plywood and veneer	9,315,672	30,172,848	-	-
- Sawn timber	4,275,005	2,088,509	1,309,568	176,955
Work-in-progress	8,752,975	3,389,005	-	-
General stores	18,469,892	20,117,375	312,630	236,927
Oil palm seedlings	-	28,500	-	-
	62,065,821	75,722,552	12,847,943	5,337,450

17. Trade and Other Receivables

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	21,021,359	22,461,873	6,129,375	7,248,999
Less: Allowance for doubtful debts	(1,642,122)	(1,649,224)	(18,074)	(25,176)
	19,379,237	20,812,649	6,111,301	7,223,823
Other receivables	2,353,958	2,908,568	618,235	279,750
Less: Allowance for doubtful debts	(1,000,000)	(1,000,000)	-	-
	1,353,958	1,908,568	618,235	279,750
Dividends receivable	-	-	-	14,312,414
Deposits	270,883	1,282,134	13,620	7,710
Prepayments	1,773,836	2,119,172	1,419,000	1,800,000
	22,777,914	26,122,523	8,162,156	23,623,697

Notes to the Financial Statements

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17. Trade and Other Receivables (contd.)

The currency exposure profile of trade receivables is as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Ringgit Malaysia	12,284,962	7,847,737	3,589,098	1,348,932
US Dollar	8,736,397	14,614,136	2,540,277	5,900,067
	<u>21,021,359</u>	<u>22,461,873</u>	<u>6,129,375</u>	<u>7,248,999</u>

Included in trade receivables of the Group and the Company are amounts of RM5,203,768 (2005: RM4,944,276) and RM736,215 (2005: RM961,891) 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 have 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

	Company	
	2006 RM	2005 RM
Amounts due from subsidiaries	38,885,573	16,461,548
Less: Allowance for doubtful debts	(5,192,719)	(5,192,719)
	<u>33,692,854</u>	<u>11,268,829</u>
Amounts due to subsidiaries	(50,709,749)	(44,759,421)
Advances from a subsidiary	(27,400,000)	(27,400,000)
	<u>(78,109,749)</u>	<u>(72,159,421)</u>

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

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19. Cash and Cash Equivalents

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash on hand and at banks	20,388,084	8,846,603	924,663	2,438,239
Deposits with licensed banks	79,070,367	81,009,743	19,900,000	3,100,000
Cash and bank balances	99,458,451	89,856,346	20,824,663	5,538,239
Bank overdraft (Note 20)	(1,977,591)	(2,002,988)	(1,977,591)	(2,002,988)
Cash and cash equivalents	97,480,860	87,853,358	18,847,072	3,535,251

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

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Deposits with licensed banks	3.1	2.7	3.0	2.5

Deposits of the Group and the Company have an average maturity period of 3 days to 1 month (2005: 1 day to 3 months).

20. Borrowings

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Short term borrowings				
Unsecured:				
Bank overdraft	1,977,591	2,002,988	1,977,591	2,002,988
Term loans	36,516,000	32,636,000	32,000,000	26,000,000
	38,493,591	34,638,988	33,977,591	28,002,988
Long term borrowings				
Secured term loan	10,596,000	-	-	-
Unsecured term loan	-	36,516,000	-	32,000,000
	10,596,000	36,516,000	-	32,000,000

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20. Borrowings (contd.)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Total				
Bank overdraft (Note 19)	1,977,591	2,002,988	1,977,591	2,002,988
Term loans	47,112,000	69,152,000	32,000,000	58,000,000
	<u>49,089,591</u>	<u>71,154,988</u>	<u>33,977,591</u>	<u>60,002,988</u>
Maturity of borrowings:				
Within one year	38,493,591	34,638,988	33,977,591	28,002,988
More than 1 year and less than 2 years	-	36,516,000	-	32,000,000
More than 2 years and less than 5 years	1,900,000	-	-	-
More than 5 years	8,696,000	-	-	-
	<u>49,089,591</u>	<u>71,154,988</u>	<u>33,977,591</u>	<u>60,002,988</u>

The secured term loan of the Group are secured against the long leasehold land with plantation and buildings as referred in Note 11 to the financial statement and corporate guarantee of the Company.

The unsecured 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:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Bank overdraft	7.75	7.00	7.75	7.00
Term loans	4.65 - 6.50	6.13	6.50	6.50

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21. Trade and Other Payables

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade payables	49,691,342	40,258,388	27,364,810	14,687,329
Other payables	9,058,035	3,206,976	461,573	355,884
Deposits	215,609	540,057	58,800	58,800
Accruals	6,107,273	4,119,704	3,333,899	2,207,809
	<u>65,072,259</u>	<u>48,125,125</u>	<u>31,219,082</u>	<u>17,309,822</u>

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Ringgit Malaysia	47,964,889	39,888,631	27,364,810	14,687,329
US Dollar	259,394	241,865	-	-
Euro	36,854	65,047	-	-
Japanese Yen	2,052	52,939	-	-
Singapore Dollar	1,428,153	9,906	-	-
	<u>49,691,342</u>	<u>40,258,388</u>	<u>27,364,810</u>	<u>14,687,329</u>

Included in trade payables of the Group and the Company are amounts of RM24,083,249 (2005: RM16,087,339) and RM16,147,987 (2005: RM6,151,334) 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.

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- 31 July 2006

22. Share Capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2006 RM	2005 RM	2006 RM	2005 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 28 December 2005, 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 4,233,300 of its issued ordinary shares from the open market at an average price of RM2.89 per share. The total consideration paid for the repurchase including transaction costs was RM12,233,913. 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 2006.

Of the total 200,000,000 (2005: 200,000,000) issued and fully paid ordinary shares as at 31 July 2006, 20,000,000 (2005: 15,766,700) are held as treasury shares by the Company. As at 31 July 2006, the number of outstanding ordinary shares in issue and fully paid is therefore 180,000,000 (2005: 184,233,300) ordinary shares of RM1 each.

23. Retained Profits

As at 31 July 2006, the Company has tax exempt profits available for distribution of approximately RM40,003,000 (2005: RM10,903,000), 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 2006.

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24. Deferred Tax

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At 1 August 2005	18,434,294	7,991,361	2,935,000	1,270,000
Recognised in income statement (Note 8)	1,881,825	6,831,243	79,000	1,665,000
Acquisition of subsidiary	-	3,611,690	-	-
At 31 July 2006	20,316,119	18,434,294	3,014,000	2,935,000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(665,000)	(585,000)	-	-
Deferred tax liabilities	20,981,119	19,019,294	3,014,000	2,935,000
	20,316,119	18,434,294	3,014,000	2,935,000

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 2005	17,993,162	7,460,132	25,453,294
Recognised in income statement	2,099,128	(1,881,996)	217,132
At 31 July 2006	20,092,290	5,578,136	25,670,426
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

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24. Deferred Tax (contd.)

Deferred tax assets of the Group:

	Unused tax losses and unutilised capital allowances RM	Property, plant and equipment RM	Allowance of inventories RM	Accrued liabilities RM	Total RM
At 1 August 2005	(5,773,000)	(585,000)	(661,000)	-	(7,019,000)
Recognised in income statement	3,298,000	(40,000)	(986,707)	(606,600)	1,664,693
At 31 July 2006	(2,475,000)	(625,000)	(1,647,707)	(606,600)	(5,354,307)
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)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM	Dividend receivable RM	Total RM
At 1 August 2005	1,775,000	1,160,000	2,935,000
Recognised in income statement	1,596,000	(1,160,000)	436,000
At 31 July 2006	3,371,000	-	3,371,000
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

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24. Deferred Tax (contd.)

Deferred tax assets of the Company:

	Accrued liabilities	
	2006	2005
	RM	RM
At 1 August	-	-
Recognised in income statement	(357,000)	-
At 31 July	(357,000)	-

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

	Group	
	2006	2005
	RM	RM
Unutilised reinvestment allowances	7,537,000	7,693,000
Deductible temporary differences on property, plant and equipment	3,932,000	4,147,000
Unused tax losses	7,059,992	6,990,000
Unutilised capital allowances	5,485,001	6,487,000
	24,013,993	25,317,000

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:

	Company	
	2006	2005
	RM	RM
Freight and handling charges paid/payable to:		
- Allied Asiatic Sdn. Bhd.	117,916	-
Sales of logs to:		
- Subur Tiasa Plywood Sdn. Bhd.	70,963,458	64,584,348
- Trimogreen Sdn. Bhd.	14,231,980	9,966,551

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- 31 July 2006

25. Significant Related Party Transactions (contd.)

(a) Transactions with subsidiaries: (contd.)

	Company	
	2006 RM	2005 RM
Sales of sawn timber to:		
- Sarawak Plywood (M) Sdn. Bhd.	168,095	-
- Trimogreen Sdn. Bhd.	2,199,247	-
Sale of waste wood to:		
- Subur Tiasa Particleboard Sdn. Bhd.	14,998	117,013
Sales of property plant and equipment to:		
- Allied Asiatic Sdn. Bhd.	2,144,597	-
- Sarawak Plywood (M) Sdn. Bhd.	113,000	-
Purchase of grocery stock from:		
- T. Q. Oriental Sdn. Bhd.	293,239	-
Purchase of sawn timber from:		
- Trimogreen Sdn. Bhd.	2,121	29,107
- Sarawak Plywood (M) Sdn. Bhd.	40,867	-
Purchase of plywood from:		
- Subur Tiasa Plywood Sdn. Bhd.	13,974	61,940
Purchase of logs from:		
- Sarawak Plywood (M) Sdn. Bhd.	329,974	3,733,629
Purchase of property, plant and equipment from:		
- Subur Tiasa Forestry Sdn. Bhd.	395,954	1,096,840
Purchase of consumable stores from:		
- Subur Tiasa Forestry Sdn. Bhd.	10,678	-

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25. Significant Related Party Transactions (contd.)

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Air tickets charges paid/ payable to:				
- R.H. Tours and Travel Agency Sdn. Bhd.*@	254,220	228,892	119,603	166,951
Freight and handling charges paid/payable to:				
- Caswan Jaya Sdn. Bhd.	1,364,512	886,775	-	-
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	311,951	143,776	-	-
- Jaras Sdn. Bhd.*	269,466	238,443	269,466	238,443
- Jaya Tiasa Holdings Berhad*	516,056	400,257	516,056	400,257
- Lajong Lumber Company Sdn. Bhd.*	-	113,277	-	-
- Laut Sepakat Sdn. Bhd.	714,642	1,377,001	714,642	1,377,001
- Onward Shipping Sdn. Bhd.#	2,012,227	1,569,528	-	-
- Syarikat Perkapalan C. H. Ling Sdn. Bhd.#	6,774,518	5,306,784	-	-
- Taman Logging Sdn. Bhd.*@^+	2,393,813	2,227,974	2,393,813	2,227,974
- Tenaga Bangsawan Sdn. Bhd.	611,795	669,385	611,795	667,385
Helicopter charter charges paid/payable to:				
- Jaya Tiasa Aviation Sdn. Bhd.*@	515,813	114,200	515,813	82,600
Insurance charges paid/ payable to:				
- Evershine Agency Sdn. Bhd.*^#	105,847	73,472	80,014	59,148
- Harmony Agencies Sdn. Bhd.*^+	25,075	-	-	-
Logging contract fee paid/payable to:				
- Baram Lumber Development Sdn. Bhd.*@^+	21,261,445	24,329,667	21,261,445	24,329,667
- Borneo Tunas Sdn. Bhd.*@	14,496,706	16,830,040	14,496,706	16,830,040
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	22,724,424	36,104,465	-	-
- Millennium Midland Sdn. Bhd.*+	6,827,167	-	6,827,167	-

Notes to the Financial Statements

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25. Significant Related Party Transactions (contd.)

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Logging contract fee paid/ payable to: (contd.)				
- Sovereign Hill Sdn. Bhd.*@^+	7,876,516	10,374,626	6,820,675	10,156,780
- Sunplus Resources Sdn. Bhd.*@	40,919,422	41,718,253	40,919,422	41,718,253
- Taman Logging Sdn. Bhd.*@^&+	272,860	-	-	-
Purchase of property, plant and equipment from:				
- Baram Lumber Development Sdn. Bhd.*@^+	562,500	-	562,500	-
- Borneo Tunas Sdn. Bhd.*@	1,989,325	2,881,050	1,989,325	2,881,050
- Comserv (Sarawak) Sdn. Bhd.*	603,994	92,975	548,690	80,102
- Pan Sarawak Company Sdn. Bhd.	182,759	67,870	78,819	4,730
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	215,000	-	215,000	-
- Sunplus Resources Sdn. Bhd.*@	1,815,000	-	1,815,000	-
- Jaya Tiasa Plywood Sdn. Bhd.*@	-	800,000	-	-
- Rimbunan Hijau General Trading Sdn. Bhd.*@	124,810	350,000	9,980	350,000
- Tiong Toh Siong & Sons Sdn. Bhd.*@	515,000	-	515,000	-
Marketing fee paid/payable to:				
- Rimbunan Hijau Sdn. Bhd.*@	1,034,603	1,440,233	1,034,603	1,440,223
Purchase of consumable stores from:				
- Comserv (Sarawak) Sdn. Bhd.*	28,079	14,235	15,393	6,780
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	1,158,205	433,294	-	-
- Lajong Lumber Company Sdn. Bhd.*	-	344,781	-	-
- Pan Sarawak Company Sdn. Bhd.	425,244	429,778	157,370	97,734
- Rejang Green Agriculture Supplies Sdn. Bhd.*	50,830	-	-	-
- Rimbunan Hijau General Trading Sdn. Bhd.*@	1,905,635	1,493,261	456,511	83,605
- Tiong Toh Siong & Sons Sdn. Bhd.*@	356,822	1,643,992	-	-

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25. Significant Related Party Transactions (contd.)

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Purchase of electricity from:				
- Jaya Tiasa Timber Products Sdn. Bhd.*@	680,408	663,867	-	-
Purchase of logs from:				
- Binamawah Sdn. Bhd.*^&+	-	3,372,411	-	-
- Jaya Tiasa Holdings Berhad*	6,887,426	-	-	-
- Lukutan Enterprises Sdn. Bhd.*@	3,726,076	777,506	3,726,076	-
- Perpuluhan Jaya Sdn. Bhd.*#	-	1,651,349	-	-
- Rejang Height Sdn. Bhd.*@	9,478,013	1,045,809	9,478,013	448,354
- Rimbunan Hijau Southeast Asia Sdn. Bhd.*@	2,901,377	9,816,579	-	-
- Sarica Enterprise Sdn. Bhd.*	-	8,659,106	-	-
- Twinfield Sdn. Bhd.*	-	208,279	-	208,279
Purchase of raw materials from:				
- Petanak Enterprises Sdn. Bhd.*	26,306,290	26,940,791	-	-
- Sarawak Forest Products Sdn. Bhd.*@	-	33,300	-	-
Purchase of waste timber from:				
- Borneo Lumber Industries Sdn. Bhd.	-	11,466	-	-
- Unique Wood Sdn. Bhd.	236,854	219,231	-	-
- Rejang Height Sdn. Bhd.*@	-	295,050	-	-
Rental of land paid/payable to:				
- Rimbunan Hijau Sdn. Bhd.*@	120,000	114,400	-	-
- Tiong Toh Siong Holdings Sdn. Bhd.*@^+	10,200	10,200	-	-
Sales of property, plant and equipment to:				
- Rejang Height Sdn. Bhd.*@	-	832,408	-	-

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25. Significant Related Party Transactions (contd.)

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Rental income from:				
- Perpuluhan Jaya Sdn. Bhd.*#	34,800	22,200	-	-
- Tiong Toh Siong Holdings Sdn. Bhd.*@^+	235,200	235,200	235,200	235,200
Supply of electricity to:				
- Jaya Tiasa Holdings Berhad*	39,031	37,501	-	-
Sales of logs to:				
- Borneo Lumber Industries Sdn. Bhd.	-	1,167,577	-	1,167,577
- Rimbunan Hijau Southeast Asia Sdn. Bhd.*@	854,777	4,174,994	-	-
- Sarica Enterprise Sdn. Bhd.*	-	5,399,864	-	-
- Unique Wood Sdn. Bhd.	-	309,318	-	309,318
Sales of waste timber to:				
- Jaya Tiasa Timber Products Sdn. Bhd.*@	59,160	39,350	-	-
Sales of sawn timber to:				
- Perpuluhan Jaya Sdn. Bhd.*#	181,783	-	-	-
Contract fee income from:				
- Rejang Height Sdn. Bhd.*@	6,139,848	4,508,121	-	-
- Ocean Shores Development Sdn. Bhd.*@	1,817,403	-	1,817,403	-
	=====			

* 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 Rejang Green Agriculture Supplies 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.

Notes to the Financial Statements

- 31 July 2006

25. Significant Related Party Transactions (contd.)

- # 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. and Sarawak Plywood (M) Sdn. Bhd., has indirect interest.
- + 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 Millennium Midland 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.; and
- Taman Logging 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 2006

25. Significant Related Party Transactions (contd.)

(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.;
- Allied Asiatic Sdn. Bhd.;
- T. Q. Oriental 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:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Authorised and contracted for	9,785,570	26,553,718	8,000,000	8,000,000
Authorised and not contracted for	4,201,626	6,124,264	-	-
	<u>13,987,196</u>	<u>32,677,982</u>	<u>8,000,000</u>	<u>8,000,000</u>

Notes to the Financial Statements

- 31 July 2006

26. Commitments (contd.)

(a) Capital commitment: (contd.)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Analysed as follows:				
Property, plant and equipment	5,987,196	32,677,982	-	-
Long term receivables	8,000,000	8,000,000	8,000,000	8,000,000
	<u>13,987,196</u>	<u>40,677,982</u>	<u>8,000,000</u>	<u>8,000,000</u>

(b) Operating lease commitments:

	Group	
	2006 RM	2005 RM
Not later than 1 year	264,600	264,600
Later than 1 year and not later than 5 years	529,200	529,200
	<u>793,800</u>	<u>793,800</u>

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

27. Contingent Liabilities

	Company	
	2006 RM	2005 RM
Unsecured:		
Corporate guarantees given to banks for banking facilities granted to subsidiaries	16,181,600	12,065,100

28. Other Significant Events

On 10 March 2006, the Company acquired 100% equity interest in Supreme Standard Development Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 26 May 2006, the Company acquired 100% equity interest in Allied Asiatic Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

Notes to the Financial Statements

- 31 July 2006

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SUBUR TIASA HOLDINGS BERHAD 341792-W

29. Subsequent Event

On 31 October 2006, the Company acquired 100% equity interest in Diamond Plywood Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

30. Financial Instruments

(a) Financial Risk Management Objectives and Policies

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

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

(b) Interest Rate Risk

The Group's income and operating cash flows are 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 31 July 2006, the Group had no open forward foreign exchange contracts to hedge anticipated sales (2005: RM45,412,629). 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.

Notes to the Financial Statements

- 31 July 2006

30. Financial Instruments (contd.)

(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:

	2006		2005	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Long term receivables	19,396,473	13,116,113	20,618,030	14,896,744
Term loans	10,596,000	7,408,667	36,516,000	33,461,046
	=====	=====	=====	=====
Company				
Long term receivables	19,396,473	13,116,113	20,618,030	14,896,744
Term loans	-	-	32,000,000	29,196,019
	=====	=====	=====	=====

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.

31. 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, sales of grocery and provision of towage and transportation services

Intersegment revenue comprise sales of logs, plywood, sawn timber, grocery and provision of towage and transportation services between the logs trading, manufacturing and others segment on terms negotiated between the parties concerned.

Notes to the Financial Statements

- 31 July 2006

31. Segment Reporting (contd.)

(a) Primary Reporting Format - Business Segments

31 July 2006

	Logs				
	Trading	Manufacturing	Others	Eliminations	Consolidated
	RM	RM	RM	RM	RM
Revenue					
External revenue	194,270,432	307,768,990	6,348,163	-	508,387,585
Inter-segment sales	90,648,789	33,034	411,155	(91,092,978)	-
Total revenue	284,919,221	307,802,024	6,759,318	(91,092,978)	508,387,585
Result					
Segment results	40,121,510	59,845,925	(1,868,079)	(1,691,812)	96,407,544
Finance costs					(3,284,735)
Taxation					(18,965,901)
Net profit for the year					74,156,908
Assets					
Segment assets	288,615,776	366,787,828	76,563,241	(123,560,506)	608,406,339
Unallocated assets					1,191,163
Consolidated total assets					609,597,502
Liabilities					
Segment liabilities	153,662,616	50,083,682	51,058,093	(127,061,412)	127,742,979
Unallocated liabilities					22,934,484
Consolidated total liabilities					150,677,463
Other Information					
Capital expenditure	22,899,220	37,144,093	40,797,932	(2,781,277)	98,059,968
Depreciation	5,903,075	23,342,299	291,324	-	29,536,698
Impairment losses	1,209,000	923,545	-	-	2,132,545
Amortisation of timber rights	19,235,681	-	-	-	19,235,681

Notes to the Financial Statements

- 31 July 2006

31. Segment Reporting (contd.)

(a) Primary Reporting Format - Business Segments (contd.)

31 July 2005

	Logs				
	Trading	Manufacturing	Others	Eliminations	Consolidated
	RM	RM	RM	RM	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	33,026,613	(99,643,296)	571,707,593
Unallocated assets					658,342
Consolidated total assets					572,365,935
Liabilities					
Segment liabilities	161,145,972	64,018,087	6,404,645	(99,643,296)	131,925,408
Unallocated liabilities					24,076,378
Consolidated total liabilities					156,001,786
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

Notes to the Financial Statements

31 July 2006

31. Segment Reporting (contd.)

(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.

	2006	2005
	RM	RM
South Korea	69,453,038	38,002,167
Malaysia	87,750,675	102,656,389
Japan	30,008,090	53,412,403
India	73,251,120	74,526,619
Taiwan	114,215,073	113,021,126
Vietnam	27,978,937	37,039,312
Other countries	105,730,652	113,858,241
	<hr/> 508,387,585	<hr/> 532,516,257
	<hr/> <hr/>	<hr/> <hr/>

List of Properties as at 31 July 2006

Location	Tenure	Existing Use	Land Area (Hectares)	Approximate Age of Building	Net Book Value as at 31.07.2006 (RM)	Date of Acquisition
Lot 96, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2031	Vacant	2.315	-	416,268	04.09.1998
Lot 97, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2026	Vacant	1.5621	-	357,665	09.10.1996
Lot 270, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2026	Vacant	2.035	-	498,783	08.01.1995
Lot 272, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2026	Vacant	2.286	-	585,543	28.01.1995
Lot 1494, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2029	Vacant	0.1921	-	66,918	25.08.1997
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	Factory, office, welfare building	24.054	17 years	25,184,877	31.03.1989
Lot 101, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2029	Vacant	2.185	-	623,370	31.07.2000
Lot 103, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2029	Vacant	1.4043	-	400,695	31.07.2000
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	Factory, office, welfare building	-	12 years	19,043,292	30.12.1994
Lot 113, Block 3, Sare Land District	Rented Leasehold land expiring on 02.05.2053	Factory, office, welfare building	-	14 years	14,075	01.07.1992
Lot 113, Block 3, Sare Land District	Rented Leasehold land expiring on 02.05.2053	Factory, office, welfare building	-	13 years	2,464,171	31.12.1993
Lot 82, Block 3, Sare Land District	Rented Leasehold land expiring on 22.09.2052	Factory, office building	-	11 years	491,195	09.01.1995
Concession Land, Kuala Temala, Baram	-	Factory, office, welfare building	-	23 years	539,686	01.01.1983
Lot 247, Block 9, Beautiful Jade Centre, Miri Concession Land District	Leasehold land expiring on 27.06.2039	Office building	0.0111	26 years	244,761	20.05.1980
Lot 854-866, Block 10, Sibuan Town District	Pending issuance of land title	Office building	0.2123	5 years	12,420,957	01.06.2001
Lot 701, Block 5, Miri Concession Land District	Leasehold land expiring on 27.12.2036	Residential use	0.0720	29 years	495,578	20.02.2004
Concession Land, Garu, Kapit	-	Factory, office, welfare building	-	1 year	2,078,877	31.07.2005
Concession Land, Mujong, Kapit	-	Welfare building	-	-	77,105	28.11.2005
Concession Land, Taman Balleh, Kapit	-	Welfare building	-	-	91,473	28.11.2005
Concession Land, Bala, Bintulu	-	Welfare building	-	2 years	143,107	29.10.2004
Planted Forest Concession Land, Ng. Dap, near Karowit	-	Nursery, office, welfare building	-	2 years	2,545,546	27.07.2004
Planted Forest Concession Land, Stampang, Kapit	-	Nursery, office, welfare building	-	-	284,945	30.04.2006
Lot 19, Balingian Land District, Mukah	Leasehold land expiring on 11.02.2064	Oil palm plantation	5,000	-	33,111,488	30.09.2004
Lot 1, Block 156, Balingian Land District, Mukah	Leasehold land expiring on 31.12.2035	Vacant	2.877	-	81,920	08.03.2006
Lot 10, Section 43, Kuching Town Land District	Leasehold land expiring on 13.05.2816	Vacant	0.7406	-	3,509,720	15.03.2006
Lot 12, Section 43, Kuching Town Land District	Leasehold land expiring on 31.12.2794	Vacant	0.5342	-	2,533,458	15.03.2006
Lot 20 in Lot 15, Block 11, Pangkajene Ampat Land District	Pending issuance of land title	Vacant	0.116	-	701,687	31.05.2006
Lot 21 in Lot 15, Block 11, Pangkajene Ampat Land District	Pending issuance of land title	Vacant	0.1205	-	728,456	31.05.2006
Lot 11726, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2025	Vacant	2.261	-	5,785,038	05.06.2006

Analysis of Shareholdings as at 30 October 2006

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SUBUR TIASA HOLDINGS BERHAD 341792-W

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

Distribution schedule of ordinary shares

Holdings	No. of Holders	Total Holdings	%
less than 100 shares	13	364	#
100 to 1,000 shares	2,451	2,432,987	1.35
1,001 to 10,000 shares	1,647	6,081,616	3.38
10,001 to 100,000 shares	186	4,899,319	2.72
100,001 to less than 5% of issued shares	59	54,826,323	30.46
5% and above of issued shares	5	111,759,391	62.09
Total	4,361	180,000,000 *	100.00 *

Negligible

* Excluding 20,000,000 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 30 October 2006.

List of Thirty Largest Securities Accounts Holders as at 30 October 2006

Name	No. of ordinary shares of RM1.00 each	Percentage (%)
1. Tiong Toh Siong Holdings Sdn. Bhd.	59,000,000	32.78
2. Raya Abadi Sdn. Bhd.	16,130,984	8.96
3. Kinta Hijau Sdn. Bhd.	16,130,983	8.96
4. Twintop Sdn. Bhd.	10,497,424	5.83
5. Mayban Nominees (Tempatan) Sdn. Bhd. - DBS Bank for Twintop Sdn. Bhd. (200782)	10,000,000	5.56
6. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Credit Suisse (SG BR-TST-ASING)	8,536,600	4.74
7. HSBC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Bahagia Abadi Timber Industries Sdn. Bhd. (323-160416-089)	7,200,000	4.00
8. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for JPMorgan Chase Bank, National Association (JPMINTL BK LTD)	3,683,101	2.05
9. CitiGroup Nominees (Asing) Sdn. Bhd. - Exempt AN for UBS AG Singapore (Foreign)	3,499,000	1.94
10. Tiong Toh Siong & Sons Sdn. Bhd.	3,340,012	1.86
11. Teck Sing Lik Enterprise Sdn. Bhd.	3,272,121	1.82
12. Nustinas Sdn. Bhd.	3,139,000	1.74
13. Serrano Group Limited	2,488,600	1.38
14. Cartaban Nominees (Asing) Sdn. Bhd. - State Street Australia Fund UAJB for Unifund (HTSG As Trustee)	1,336,900	0.74
15. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Thai King	1,302,591	0.72
16. Teck Sing Lik Enterprise Sdn. Bhd.	1,185,000	0.66
17. AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,079,689	0.60
18. Bahagia Abadi Timber Industries Sdn. Bhd.	1,000,983	0.56
19. Tiong Toh Siong Enterprises Sdn. Bhd.	1,000,000	0.56
20. Diong Hiew King @ Tiong Hiew King	900,584	0.50
21. Tiong Ing	775,656	0.43
22. Tiong Chiong Ong	557,058	0.31
23. Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Koperasi Polis Diraja Malaysia Bhd (514011315674)	532,560	0.30
24. Malaysia National Insurance Berhad	518,300	0.29
25. Mayban Nominees (Asing) Sdn. Bhd. - DBS Bank for Bloomswick Ltd. (200890)	506,000	0.28
26. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Kas Bank Effectenbewaarbedrijf N.V.	476,500	0.26
27. Wong Lok Jee @ Ong Lok Jee	448,000	0.25
28. CitiGroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Fund	438,600	0.24
29. Malaysian Assurance Alliance Berhad As Beneficial Owner (Growth Fund)	400,000	0.22
30. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Susy Ding (CEB)	387,000	0.22
	159,763,246	88.76

List of Substantial Shareholders as at 30 October 2006

	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 (32.78%)	-	23,837,436 ^{*1} (13.24%)
2.	Raya Abadi Sdn. Bhd.	16,130,984 (8.96%)	-	-
3.	Kinta Hijau Sdn. Bhd.	16,130,983 (8.96%)	-	-
4.	Twintop Sdn. Bhd.	10,497,424 (5.83%)	10,000,000 (5.56%)	-
5.	Teck Sing Lik Enterprise Sdn. Bhd.	4,457,121 (2.48%)	-	83,837,436 ^{*2} (46.58%)
6.	Tan Sri Datuk Diong Hiew King @ Tiong Hiew King	1,056,305 (0.59%)	-	88,294,557 ^{*3} (49.05%)

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

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

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

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 Eleventh Annual General Meeting of the Company
to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibul,
Sarawak on Thursday, 21 December 2006 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.	Approval of the increase of directors' fees for the financial year ending 31 July 2007.		
2.	Re-election of YBhg. Temenggong Datuk Kenneth Kyanan Anak Temenggong Koh as Director.		
3.	Re-appointment of YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as Director.		
4.	Re-appointment of Messrs. Ernst & Young as Auditors.		
	Special business :		
5.	Ordinary Resolution No. 1 Proposed renewal of and new shareholders' mandates for recurrent related party transactions of a revenue or trading nature.		
6.	Ordinary Resolution No. 2 Proposed renewal of authority for purchase of own shares by the Company.		
7.	Ordinary Resolution No. 3 Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Shareholding Represented by Proxy

Dated this _____ day of _____ 2006

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

The Secretary
Subur Tiasa Holdings Berhad

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

