



# SUBUR TIASA HOLDINGS BERHAD

341792-W

ANNUAL REPORT 2009



# SUBUR TIASA

*Holdings Berhad*

341792-W

**annual report**

# 09

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# Notices of Annual General Meeting, Dividend Entitlement and Payment

**NOTICE IS HEREBY GIVEN** that the Fourteenth Annual General Meeting of the Company will be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibul, Sarawak on Wednesday, 30 December 2009 at 11.30 am for the following purposes :-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2009 together with the Reports of the Directors and Auditors thereon.
2. To declare a first and final dividend of 4% per share, less 25% income tax, for the financial year ended 31 July 2009.
3. To approve the payment of directors' fees for the financial year ended 31 July 2009.
4. 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.
5. To re-elect Madam Ngu Ying Ping who retires in accordance with Article 90 of the Company's Articles of Association and being eligible, offers herself for re-election.
6. To consider and if thought fit, to pass the following resolution :-  
  
"THAT pursuant to Section 129(6) of the Companies Act, 1965, YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai be hereby re-appointed as a director of the Company to hold office until the conclusion of the next annual general meeting."
7. To re-appoint Messrs. Ernst & Young as the Company's auditors and to authorise the Directors to fix their remuneration.
8. As special business

**Resolution 1**

**Resolution 2**

**Resolution 3**

**Resolution 4**

**Resolution 5**

**Resolution 6**

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

### **Ordinary Resolution No. 1**

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

**Resolution 7**

"THAT, subject always to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of



## Notices of Annual General Meeting, Dividend Entitlement and Payment (contd.)

Association and the Main Market Listing Requirements and any other relevant authorities, the Directors of the Company (“Directors”) be hereby unconditionally and generally 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 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 ten percent (10%) of the total issued and paid-up share capital of the Company for the time being and an amount not exceeding the Company’s share premium reserve account at the time of purchase be allocated by the Company for the Proposed Share Buy-Back 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 or imposed 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 to be in force until :-

- (a) the conclusion of the next annual general meeting (“AGM”) of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company 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.”



# Notices of Annual General Meeting, Dividend Entitlement and Payment (contd.)



## Ordinary Resolution No. 2

### ■ Proposed renewal of and new shareholders' mandates for recurrent related party transactions of a revenue or trading nature ("Shareholders' Mandates")

"THAT approval be hereby given to the Company and its subsidiaries ("STH Group") to enter into any of the category of related party transactions which are recurrent, of a revenue or trading nature and are necessary for day-to-day operations of STH Group as outlined in point 3(b) (pages 9 to 12) of the Circular to Shareholders dated 30 November 2009 ("Circular"), with the specific related parties mentioned therein 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 generally available to the public and not detrimental to the interest of the minority shareholders; and
- (b) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Shareholders' Mandates during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information :-
  - the type of the 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, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") [but must 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;

## Resolution 8



## Notices of Annual General Meeting, Dividend Entitlement and Payment (contd.)

**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' Mandates.

**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."

9. 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.



# Notices of Annual General Meeting, Dividend Entitlement and Payment (contd.)

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN** that a first and final dividend of 4% per share, less 25% income tax, in respect of the financial year ended 31 July 2009, if approved at the forthcoming Annual General Meeting, will be paid on 24 March 2010 to Depositors whose names appear in the Record of Depositors on 25 February 2010.

A Depositor shall qualify for entitlement only in respect of :-

- (a) shares transferred to the Depositor's securities account before 4.00 pm on 25 February 2010 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board

**Ling Chieh Min (MIA 18531)**  
**Voon Jan Moi (MAICSA 7021367)**  
Joint Company Secretaries

Dated : 30 November 2009  
Sibu, Sarawak

### Explanatory Notes on Special Business

- (a) **Ordinary resolution on proposed renewal of authority for purchase of own shares by the Company**  
*The proposed resolution No. 7, 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 30 November 2009 for further information.*

- (b) **Ordinary resolution on Shareholders' Mandates for recurrent related party transactions**  
*Paragraph 10.09 of Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a shareholders' mandate.*



## Notices of Annual General Meeting, Dividend Entitlement and Payment (contd.)

*The proposed resolution No. 8, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in point 3(b) (pages 9 to 12) of the Circular, which are necessary for day-to-day operations of the STH Group, 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 generally available to the public and not detrimental to the interest of the minority shareholders.*

*By obtaining the Shareholders' Mandates, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPT 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 STH Group or adversely affecting the business opportunities available to the STH Group.*

*Please refer to the Circular for further information.*

#### 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.





# 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

YBhg. Dato' Tiong Ing  
- Managing Director

YBhg. Datuk William Lau Kung Hui  
- Independent Director

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

Madam Ngu Ying Ping  
- Independent Director

## Company Secretaries

Ling Chieh Min (MIA 18531)  
Voon Jan Moi (MAICSA 7021367)

## Registered Office

No. 66-78, Pusat Suria Permata, Jalan Upper Lanang  
C.D.T. 123, 96000 Sibul, Sarawak  
Tel : 084-211 555  
Fax : 084-211 545  
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

## Principal Bankers

United Overseas Bank (Malaysia) Berhad  
RHB Bank Berhad  
CIMB Bank Berhad  
Malayan Banking 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 Market of Bursa Malaysia Securities Berhad

## Stock name

SUBUR

## Stock Code

6904



## Profile of Directors



### **YABHG. DATUK PATINGGI TAN SRI DR. WONG SOON KAI**

Chairman, Independent Director, Age 82, Malaysian

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.

YABhg. Datuk Patinggi Tan Sri Dr. Wong 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 does not hold any directorship in any other public company.



### **TIONG KIONG KING**

Vice Chairman, Non-Independent Non-Executive Director, Age 62, Malaysian

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 of the Company.

Mr. Tiong Kiong King has more than 35 years of managerial experience in the timber industry in various capacities. Presently, Mr. Tiong also held key posts in several non-government organizations. Among them, he is the Honorary President for Sibü Chinese Chamber of Commerce and Industry, Vice President of World Federation of Fuzhou Association Limited, Vice Chairman of Persekutuan Persatuan-Persatuan Foochow Sarawak, Chairman of Foochow Association Sibü, Vice President of the World Zhang Clan Association Limited and Vice President of Persatuan Klan Zhang Negeri Sarawak. He also sits on the Board of a public listed company, Rimbunan Sawit Berhad.



### **YBHG. DATO' TIONG ING**

Managing Director, Age 52, Malaysian

YBhg. Dato' Tiong Ing was first appointed to the Board of Subur Tiasa Holdings Berhad on 25 July 2001 and was subsequently appointed as the Managing Director on 1 October 2003.

YBhg. Dato' Tiong holds a Bachelor of Arts Degree in Business Administration from University of Winnipeg, Canada and is a licensed 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.

On 19 July 2007, YBhg. Dato' Tiong Ing was conferred with Darjah Sultan Ahmad Shah Pahang (D.S.A.P) by Kebawah Duli Yang Maha Mulia Sultan Pahang, Sultan Haji Ahmad Shah Al-Musta' In Billah Ibni Al-Marhum Sultan Abu Bakar Ri' Ayatuddin Al-Mu' Adzam Shah, which carries the title "Dato'", on the occasion of His Royal Highness' 76th Birthday.

YBhg. Dato' Tiong Ing also sits on the Board of a public company, EON Bank Berhad.

## Profile of Directors (contd.)



**YBHG. DATUK WILLIAM LAU KUNG HUI**  
Independent Director, Age 59, Malaysian

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.

YBhg. Datuk William Lau is a lawyer and a Chartered Arbitrator, and a Panel Arbitrator and Mediator of the Kuala Lumpur Regional Centre of Arbitration (KLRC). He is also an IMI Certified Mediator and an Accredited Mediator and Registered Adjudicator. He graduated with a Bachelor and Master of Laws Degrees from the London School of Economics and Political Science (LSE) 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 32 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 2005 and was the former Executive Chairman of Samanda Holdings Berhad.



**YBHG. TEMENGGONG DATUK KENNETH KYAN ANAK TEMENGGONG KOH**  
Independent Director, Age 67, Malaysian

YBhg. Temenggong Datuk Kenneth Kyan anak Temenggong Koh was first appointed to the Board of Subur Tiasa Holdings Berhad on 21 June 1997.

YBhg. Temenggong Datuk Kenneth Kyan 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 as well as a Political Secretary to Federal Minister for Sarawak Affairs 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 Kyan was appointed as 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 Media Chinese International Ltd., a company incorporated in Hong Kong and dually listed on both the Stock Exchange of Hong Kong Limited and Bursa Malaysia Securities Berhad.



## Profile of Directors (contd.)



### NGU YING PING

Independent Director, Age 49, Malaysian

Madam Ngu Ying Ping joined the Board of Subur Tiasa Holdings Berhad on 29 June 2009. She is also a member of Audit, Remuneration and Nomination Committees of the Company.

Madam Ngu Ying Ping graduated with Bachelor of Economics (Major in Accounting) from Monash University, Melbourne, Australia. She is a member of the Malaysian Institute of Accountants, Fellow Member of the Malaysian Institute of Taxation, Fellow Member of the CPAs Australia and Affiliate of Malaysian Institute of Chartered Secretaries and Administrators. Currently, she is also a Chartered Accountant of an audit firm in Sarawak. She does not hold any directorship in any other public company.

### OTHER INFORMATION OF DIRECTORS:

- (i) Family Relationship  
None of the Directors have any family relationship with each other or the major shareholders of the Company, except as disclosed below:-
  - Mr. Tiong Kiong King is a brother of YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and an uncle to YBhg. Dato' Tiong Ing, who is the Managing Director of the Company.
  - YBhg. Dato' Tiong Ing is the daughter of YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and a niece to Mr. Tiong Kiong King, who is also a Director of the Company.
- (ii) Conflict of Interest  
None of the Directors have any conflict of interests with the Company other than the related party transactions as set out in Note 27(a) of the Notes to Financial Statements as disclosed on pages 97 to 98 of this annual report.
- (iii) List of Convictions for Offences  
All the Directors have no convictions for any offences within the past 10 years.
- (iv) Attendance of Directors at Board Meetings  
There were four (4) Board Meetings held during the financial year ended 31 July 2009. Details of attendance of each of the Directors at Board Meetings are as stipulated in the Corporate Governance Statement set out on page 18 of this annual report.
- (v) Securities Holdings in the Company and its Subsidiaries  
The Directors' shareholdings as at 31 October 2009 are as disclosed on page 112 of this annual report.

# Corporate Structure

As at 31 October 2009



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. (048217-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)	100%
AA PLYWOOD SDN. BHD. (752393-M)	100%
EXCELLE TIMBER SDN. BHD. (761744-T)	100%
VICTORY ROUND SDN. BHD. (751569-X)	100%
JOYFUL REALTY SDN. BHD. (770831-M)	100%
JPH ENTERPRISE SDN. BHD. (771097-V)	100%
BLESSINGS REALTY SDN. BHD. (775270-M)	100%
BORNEO LUMBER INDUSTRIES SDN. BHD. (34515-V)	100%
JPH LOGGING SDN. BHD. (809224-M)	100%
GRACE MILLION SDN. BHD. (624862-D)	100%
SEMARAK VENEER & PLYWOOD SDN. BHD. (230578-K)	100%
BLESSINGS PALM SDN. BHD. (776528-A)	100%
JOYFUL SHIPPING SDN. BHD. (809230-X)	100%
INFRAPALM SDN. BHD. (769262-T)	100%



# Audit Committee Report

The Board of Directors of Subur Tiasa Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 July 2009.

## MEMBERS AND ATTENDANCE OF MEETINGS

The Audit Committee comprises the directors as listed below. All members of the Audit Committee are financially literate. During the financial year ended 31 July 2009, four (4) meetings were held. The details of attendance of each of them are outlined as follows:

NAME	DESIGNATION (DIRECTORSHIP)	NO. OF MEETINGS APPLICABLE	ATTENDANCE OF MEETINGS
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	Chairman (Independent Director)	4	4
YBhg. Datuk William Lau Kung Hui	Member (Independent Director)	4	3
Ngu Ying Ping	Member (Independent Director)	N/A*	N/A*

\* Ngu Ying Ping was appointed as a member with effect from 29 June 2009 and there was no Audit Committee meeting held between 30 June 2009 to 31 July 2009. She is a member of the Malaysian Institute of Accountants, one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967.

The chief financial officer/chief accountant, external and internal auditors attended some of these meetings upon invitation by the Chairman of the Audit Committee. All proceedings, matters arising, deliberations, in terms of the issue discussed, and resolutions at the meetings are recorded in the minutes by the Company Secretaries, confirmed by the Audit Committee, and signed by the Chairman. All meetings were attended by the Company Secretaries. The Chairman reports on the main findings and deliberations at the meetings to the Board.

## TERMS OF REFERENCE

### 1. Constitution

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

### 2. Primary Purpose

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



## Audit Committee Report (contd.)

- (e) Enhance the independence of external and internal audit functions.

### 3. Membership

- 3.1 The members of the AC shall be appointed by the Board of Directors of STHB from among their members based on the recommendations of the Board Nomination Committee and shall consist of not less than three members, all of whom shall be non-executive directors with a majority of them being independent directors. If members for any reason falls below three, 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 15.09 (1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and Paragraph 7.1 of the Practice Note 13, 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 three years' working experience and:-
    - he must have passed the examinations specified in Part I of the First 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 First Schedule of the Accountants Act 1967; or
    - he fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad
- 3.4 Paragraph 15.20 of the 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 must be elected from among their independent directors as according to Paragraph 15.10 of the Listing Requirements.

### 4. Authority

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



## Audit Committee Report (contd.)

### 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; and
  - (f) compliance with the 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, recommendations made and actions taken in respect of these reports.
- 5.4 Review the assistance provided to the external auditors by the employees of the Group.
- 5.5 Review any resignation letter from the external auditors of the Company.
- 5.6 Recommend the appointment or re-appointment of the external auditors.
- 5.7 Approve the charters of Internal Audit Functions in the Group and ensure that the Internal Audit Functions are adequately resourced and have appropriate standing in the Group. This includes a review of the organisational structure, resource budgets and qualifications of the internal audit functions.
- 5.8 Review the audit plans with the Internal Auditors, adequacy of the scope, functions, competency and resources of the internal audit functions and whether it has the necessary authority to carry out its works.
- 5.9 Review internal audit reports, consider any significant findings and management's response and ensure appropriate actions are taken.
- 5.10 Review and approve the performance and 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.
- 5.14 Consider other topics as defined by the Board of Directors.





## Audit Committee Report (contd.)

### 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 to consider any matters brought up by them.
- 6.3 Meetings shall be attended by members of the AC and the Company Secretary (ies).
- 6.4 The AC may request other directors, members of management, counsels, internal auditors (both corporate and subsidiaries), external auditors and any other persons applicable to participate in AC meetings, as necessary and when so invited, to carry out the AC's responsibilities.
- 6.5 At least once a year, the AC shall meet with the external auditors, excluding the attendance of other directors and employees, whenever deemed necessary.
- 6.6 Majority members of independent directors must be present in meeting in order to form a quorum for an AC meeting.

### SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

In line with its terms of reference, the AC carried out the following activities during the financial year ended 31 July 2009 in discharging its functions and duties:

- a) Review of the annual audit plans prepared by the internal and external auditors;
- b) Review of the audit reports of the Group, consideration of the findings by the internal and external auditors and management's responses thereto;
- c) Review of the quarterly and annual financial results of the Group prior to recommendation to the Board of Directors for consideration and approval;
- d) Review of the related party transactions entered into by the Group;
- e) Conduct of meeting with the external auditors to review their findings and recommendations;
- f) Consideration of the re-appointment of external auditors and their fees;
- g) Review of the Statement on Internal Control and AC Report prior to recommendation to the Board of Directors for consideration and approval; and
- h) Review of the assessment forms for internal audit function prior to recommendation to the Board of Directors for approval.



## Audit Committee Report (contd.)

### 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 review of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group.

Annual audit plans, which are reviewed and approved by the AC, are the embarking point of Internal Audit Department in carrying out its audit function. Along the way, Internal Audit Department also performed ad-hoc audits and investigative assignments whenever relevant or required. The summary of activities being carried out by the Department during the financial year is set out as follow:

- 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 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.

Currently, the Internal Audit Senior Manager reports directly to the AC and is responsible for the regular review and/or appraisal of the internal control and governance processes within the Group. The costs incurred for the internal audit function in respect of the financial year was RM 637,315.



# Corporate Governance Statement

The Board of Directors of Subur Tiasa Holdings Berhad subscribes and supports the Malaysian Code on Corporate Governance ("Code") and the relevant provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The Board is committed to ensuring that the highest standard of corporate governance is being practised 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

### Composition of 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 (4) times a year, with additional meetings convened as necessary. All Non-Executive Directors bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

During the financial year ended 31 July 2009, four (4) Board Meetings were held. The details of attendance of each of the Directors at the Board Meeting are outlined as follows:

Directors	Total
1 YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	4 out of 4
2 Mr. Tiong Kiong King	4 out of 4
3 YBhg. Dato' Tiong Ing	4 out of 4
4 YBhg. Datuk William Lau Kung Hui	3 out of 4
5 YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh	4 out of 4
6 Madam Ngu Ying Ping	N/A*

\* Madam Ngu Ying Ping was appointed as an Independent Director with effect from 29 June 2009 and there was no Board Meeting held between 30 June 2009 to 31 July 2009.

All proceedings, matters arising, deliberations, in terms of the issues discussed, and resolutions at the Board Meetings are recorded in the minutes by the Company Secretaries, confirmed by the Board, and signed by the Chairman. All Board Meetings were attended by the Company Secretaries.

Upon invitation, management representatives were present at the Board Meetings to provide additional insight into matters to be discussed during the Board Meetings.

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.



## Corporate Governance Statement (contd.)

### Board Balance

The Board currently has six (6) members, comprising four (4) Independent Directors (including the Chairman), one (1) Non-Independent Non-Executive Director and one (1) Managing Director. Together, the Directors bring wide range of 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 of this annual report.

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, such that no one individual dominates the decision-making process. The Board also ensures that at least one-third (1/3) of the Board members consist of Independent Directors of caliber, with necessary skills, experience, qualification and other core competencies, in order to carry sufficient weight in making balanced, objective and accountable 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 operates in.

YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai is appointed as the Senior Independent Director to whom concerns or queries concerning the Group may be converted to.

### Supply of and access to information

Management has an obligation to provide the whole Board with complete, well-focused and adequate information of which it is aware of in order to discharge 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, the agendas and papers on subjects discussed during Board Meetings are disseminated to the Board in a timely manner prior to the Board Meetings to accord sufficient time for their review, consideration and to seek clarifications (if any) so as to enable them to participate effectively in Board decisions. This, in turn, enables the time at the Board Meeting to be conserved and used for focused discussion. All Directors have the rights and duty to make further enquiries whenever necessary.

All Directors have full access to the advice and services of the Company Secretary and where necessary, may seek independent professional advice at the Group's expense, in the furtherance of their duties to make well-informed decisions.

### Appointments to the Board

The Code endorses, as good practice, a formal and transparent procedure for appointment of Directors to the Board, where the Nomination Committee shall suggest to the Board the suitable candidates to be elected. The Code, however, states that the Board as a whole may perform this procedure, although, as a matter of best practice, it is recommended that this responsibility to be delegated to an independent committee.



# Corporate Governance Statement (contd.)

## Directors' Training

As an integral element of the process in appointing new Directors, the Nomination Committee provides for adequate orientation of newly appointed Directors with respect to the business structure, corporate strategy, risk profile, legal requirements, financial overview as well as expected contributions to the Board and Group.

All the Directors had completed the Mandatory Accreditation Programme ("MAP") 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 latest developments in the industry, particularly on relevant new laws, regulations and changing risk factors in competitive business environment.

The descriptions of the trainings/seminars attended by the Directors during the financial year ended 31 July 2009 are as follows:

Title of training/seminar	Mode of training	Duration of seminar
Mandatory Accreditation Programme (MAP)	External speaker	2 days
2009 Budget Seminar	External speaker	1 day
National Seminar on Taxation 2008	External speaker	1 day
Managing Risk of Tax Audit and Investigation	External speaker	2 days
ROI Leadership	External speaker	1 day

## Re-election/ Re-appointment of Directors

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

In addition, in accordance with the Company's Articles of Association and in compliance with the Listing Requirements, the remaining Directors, including the Managing Director shall retire from office at least once in every three (3) years, but shall be eligible for re-election. The Articles provide that one-third (1/3) 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 (1/3) of the Directors shall retire from office and be subjected to re-election at each AGM.

Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold the office until the next AGM.

## BOARD COMMITTEES

### Nomination Committee

The Board has on 19 June 2003 set up a Nomination Committee and the members of the Nomination Committee are as follows:-

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
	Madam Ngu Ying Ping <sup>#</sup>	Independent Director

<sup>#</sup> Madam Ngu Ying Ping was appointed as a member with effect from 1 July 2009.



## Corporate Governance Statement (contd.)

The Nomination Committee will be responsible for:

- Reviewing the Board composition and recommending to the Board, appointments of new Directors for the Company and its subsidiaries, and Board Committees;
- Evaluating the effectiveness of the Board, in particular, its required mix of skills, experience, qualification and other core competencies; and
- Establishing a mechanism for the formal assessment on the effectiveness and performance of the Board as a whole and the contribution of each Director, performance of Managing Director and other key senior management officers.

The Nomination Committee shall consist of not less than three (3) members, all of whom shall be non-executive directors and a majority of whom are independent.

There were two (2) Nomination Committee meetings held during the financial year ended 31 July 2009.

### Remuneration Committee

The Board has on 19 June 2003 set up a Remuneration Committee and the members of the Remuneration Committee are as follows:-

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
	Madam Ngu Ying Ping <sup>‡</sup>	Independent Director

<sup>‡</sup> Madam Ngu Ying Ping was appointed as a member with effect from 1 July 2009.

The Remuneration Committee will be responsible for determining the level and make-up of Executive Directors' remuneration for the Company and its subsidiaries so as to ensure that the remuneration package offered is sufficient to attract and retain Directors with necessary calibre, experience and quality required to run the Group in an effective and efficient manner. In formulating the remuneration package, the Remuneration Committee takes into account the responsibility and job functions, remuneration packages of comparable companies within the same industry as well as individual and corporate performance. The fees for Non-Executive Directors are determined by the Board as a whole.

The Remuneration Committee shall consist of at least three (3) members, all of whom must be Non-Executive Directors.

The Remuneration Committee has met once during the financial year ended 31 July 2009.

### Risk Management Committee

The Risk Management Committee, led by the Managing Director, YBhg. Dato' Tiong Ing, comprises 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, evaluating emerging new risks, taking into account the risk tolerance of the Group, and ensuring infrastructure, resources and systems are in place for risk management. The risk management activities are embedded in the Group's management system.

# Corporate Governance Statement (contd.)

## DIRECTORS' REMUNERATION

Each individual Director abstains from the Board discussion and discussion on his/her own remuneration. Details of the remuneration of the Directors for the financial year ended 31 July 2009 distinguishing between Executive and Non-Executive Directors in aggregate with categorization into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are set out as below:

Aggregation	Non- Executive Director RM	Executive Director RM
Fees	232,331	71,000
Salary	-	1,060,000
Bonus	-	495,000
Allowance	264,000	1,074,000
EPF	-	312,600
Total	496,331	3,012,600

Remuneration	Non- Executive Director	Executive Director
Less than RM50,000	3	-
RM50,001 – RM100,000	1	-
RM250,001 – RM300,000	1	-
RM3,000,001– RM3,050,000	-	1

The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' Remuneration are appropriately served by the "Band Disclosure" made.

## SHAREHOLDER COMMUNICATIONS AND INVESTOR RELATIONS

The Board of Directors recognises the importance of effective and transparent communications with shareholders and investors. This is achieved through the timely release of annual reports, quarterly announcements and other corporate announcements made to Bursa Malaysia Securities Berhad. Corporate and financial information on the Group are easily accessible by the shareholders and the public through the Company's website, [www.suburtiasa.com.my](http://www.suburtiasa.com.my). The website provides up-to-date corporate details, overview of business activities and operations, Company's performance and position, annual reports, and latest announcements made. This ensures that no selective dissemination of information exist and there is always symmetry of information disclosure.

The Group values dialogue with investors. The aim of the investor relations programme is primarily to convey consistent and accurate information to shareholders and fund managers regarding the Group's performance and other matters affecting them. In addition, it provides a channel for prompt feedback to our senior management on investors' concerns and market perceptions, thus, ensuring effectiveness of the information dissemination.

The Annual General Meeting is a crucial mechanism as it provides the Board with an important forum for shareholders' communication. At each Annual General Meeting, the Board presents the performance of the Group during the financial year and encourages shareholders to participate in the question and answer session in order to communicate their views and to seek clarifications. The Chairman, members of the Board, as well as external auditors are present to address queries raised during the general meeting.



## Corporate Governance Statement (contd.)

Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution in order to facilitate understanding and evaluation of the issues involved. 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 realizes that they have fiduciary responsibility to present a balanced evaluation and comprehensive assessment of the Group's performance, position and prospects. The Statement of Directors' Responsibility in respect of preparation of financial statements is set out on page 28 of this annual report.

#### 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 outlined on pages 26 to 27 of this annual report.

#### 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.

A report of the Audit Committee is as set out on pages 13 to 17 of this annual report.





## Additional Compliance Information

The following information is presented in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"):-

### SHARE BUY-BACKS

At the Thirteenth Annual General Meeting of the Company held on 30 December 2008, the Directors obtained the approval from the shareholders for the Company to purchase and/or hold up to 20,900,000 ordinary shares of RM1.00 each representing ten percent (10%) of the total issued and paid-up ordinary share capital of the Company.

During the financial year ended 31 July 2009, a total of 579,800 ordinary shares of RM1.00 each of the Company were purchased from the open market and retained as treasury shares. A monthly breakdown of the shares bought back during the financial year ended 31 July 2009 is as follows:

Month	No. of Shares	Total Consideration RM	Purchase Price Per Share		
			Lowest RM	Highest RM	Average RM
October 2008	46,800	69,573	1.42	1.58	1.49
April 2009	338,900	565,473	1.58	1.71	1.67
May 2009	169,100	298,918	1.65	1.80	1.77
June 2009	15,000	30,432	1.89	2.25	2.03
July 2009	10,000	19,759	1.95	2.00	1.98
Total	579,800	984,155	1.42	2.25	1.69

As at 31 July 2009, a total of 20,579,800 shares were bought back by the Company and retained as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

### NON-AUDIT FEES

The non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 July 2009 by the Company's external auditors, Messrs Ernst & Young ("EY"), and a firm or corporation affiliated to EY were amounted to RM63,667.

### MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries involving interests of the directors and major shareholders, either subsisting at the end of the financial year ended 31 July 2009 or entered into since the end of the previous financial year.

## Additional Compliance Information (contd.)

### RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”)

The significant RRPT entered into during the financial year are disclosed in Note 27 to the Financial Statements. A breakdown of the aggregate value of the RRPT conducted pursuant to the shareholders’ mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1)(a) of the Listing Requirements, are set out below:

Type of RRPT	Name of Related Party(ies)	Relationship with the Group	Actual Amount of RRPT for year ended 31 July 2009 (RM)
Logging contract fee income	Gunong Mulu Lumber Development Co Sdn Bhd	A	1,682,856
	Ocean Shores Development Sdn Bhd	A	2,440,198
	Saforin Sdn Bhd	A	11,230,377
	Supreme Timber Products Sdn Bhd	A	233,316
	<b>Total</b>		<b>15,586,747</b>
Logging contract fee paid / payable	Millennium Midland Sdn Bhd	A	38,085,769
	Pertumbuhan Kekal Sdn Bhd	A	64,745,201
	<b>Total</b>		<b>102,830,970</b>
Sale of logs	Jaya Tiasa Group <sup>#</sup>	A	28,197
	Unique Wood Sdn Bhd	B	2,322,719
	<b>Total</b>		<b>2,350,916</b>
Purchase of logs	Lukutan Enterprises Sdn Bhd	A	5,218,001
	Rejang Height Sdn Bhd	A	40,483,478
	Supreme Timber Products Sdn Bhd	A	1,069,605
	Sarica Enterprise Sdn Bhd	A	3,032,774
	<b>Total</b>		<b>49,803,858</b>
Freight and handling charges paid/payable	Jaya Tiasa Group <sup>#</sup>	A	1,654,050
	Syarikat Perkapalan C. H. Ling Sdn Bhd	C	6,253,902
	<b>Total</b>		<b>7,907,952</b>
Contract fee income for logging / reforestation	Rejang Height Sdn Bhd	A	40,630,363
Sale of sawn timber	Unique Wood Sdn Bhd	B	294,496
Towage and handling income	Jaya Tiasa Group <sup>#</sup>	A	2,056,706
Purchase of adhesive materials	Petanak Enterprises Sdn Bhd	A	41,339,138
Purchase of electricity	Jaya Tiasa Group <sup>#</sup>	A	712,191
Purchase of spare parts and equipment for operation use	Rimbunan Hijau General Trading Sdn Bhd	A	10,438,673
Helicopter charter charges paid/payable	Jaya Tiasa Group <sup>#</sup>	A	767,306

Note:

# Jaya Tiasa Group includes Jaya Tiasa Holdings Bhd and its subsidiaries, namely, Jaya Tiasa Timber Products Sdn Bhd, Jaya Tiasa Plywood Sdn Bhd, Curiah Sdn Bhd, Jaras Sdn Bhd and Jaya Tiasa Aviation Sdn Bhd.

The relationships denoted by A to C indicate that the following persons have interest in the related parties that transacted with the Group:

- A These are companies in which Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and a director of certain subsidiaries, has interest, both direct and/or indirect interest.
- B The Group’s Managing Director, Dato’ Tiong Ing has indirect interest.
- C Tiong Chiong Ong, the son of Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King and a director of certain subsidiaries, has indirect interest.



# Statement on Internal Control

## 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. Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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

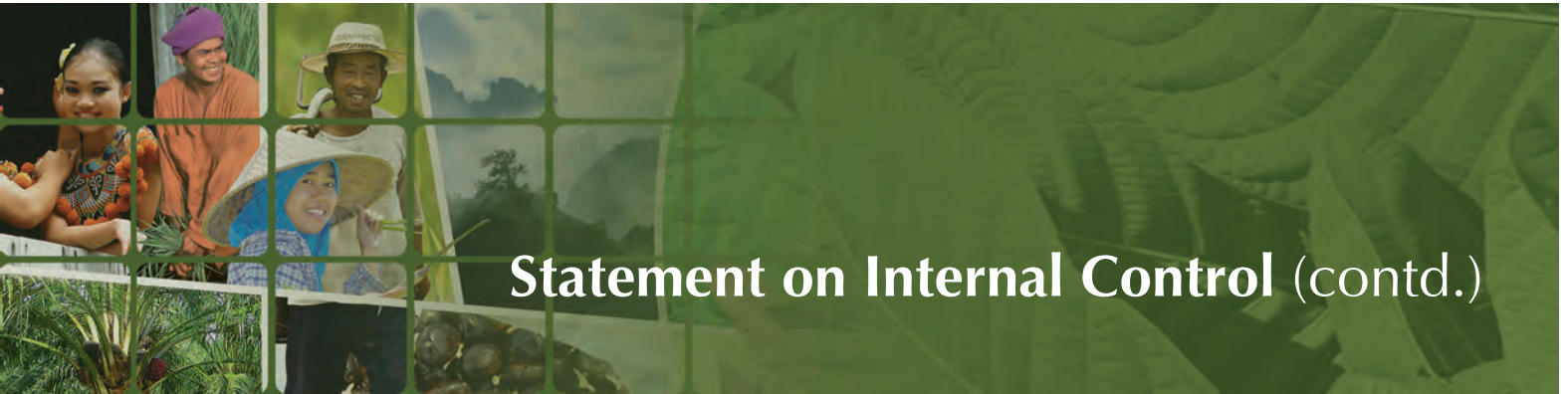
The Board acknowledges its responsibilities for the Group's system of internal controls and risk management practices covering all aspects of the Group's operations. The Board also recognises its responsibility for reviewing the adequacy and integrity of those systems frequently. Because of limitations that are inherent in any system of internal control, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatements, fraud 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 ongoing process adopted by the Board in 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.



## Statement on Internal Control (contd.)

### Internal Controls

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

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



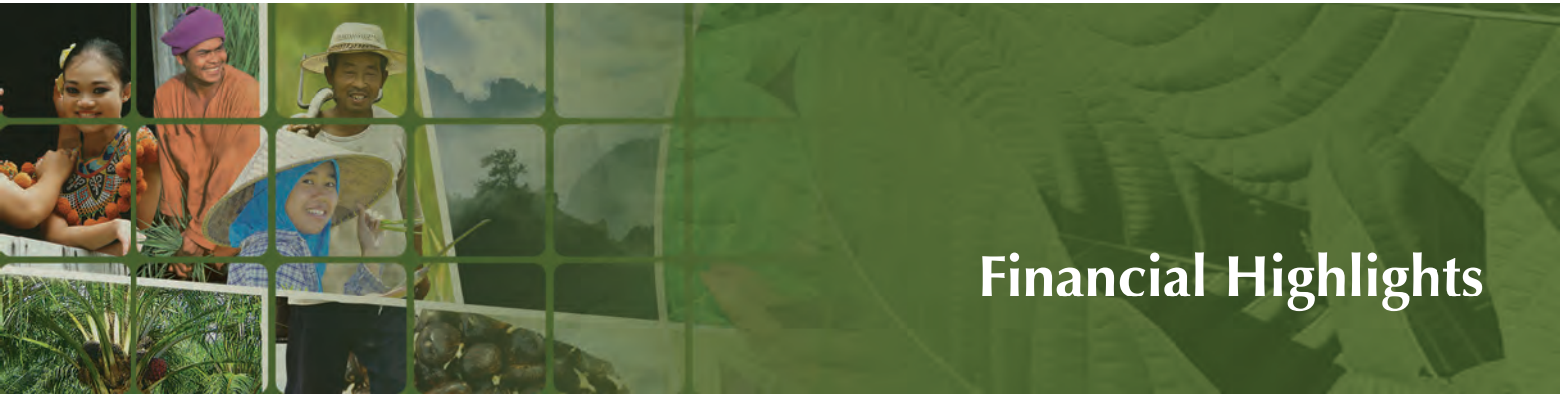
## Statement of Directors' Responsibility In respect of the financial statements

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.

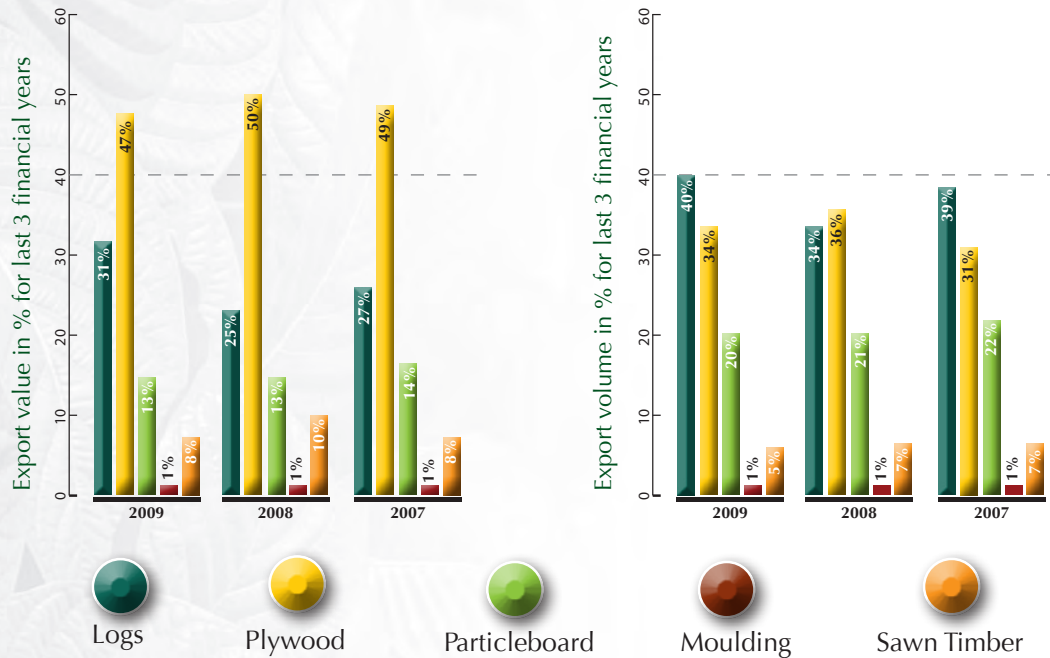
In preparing those statements, the directors have:

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

The directors hereby confirm that suitable accounting policies have been consistently applied in respect of the preparation of the financial statements and that the Group and the Company maintain 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

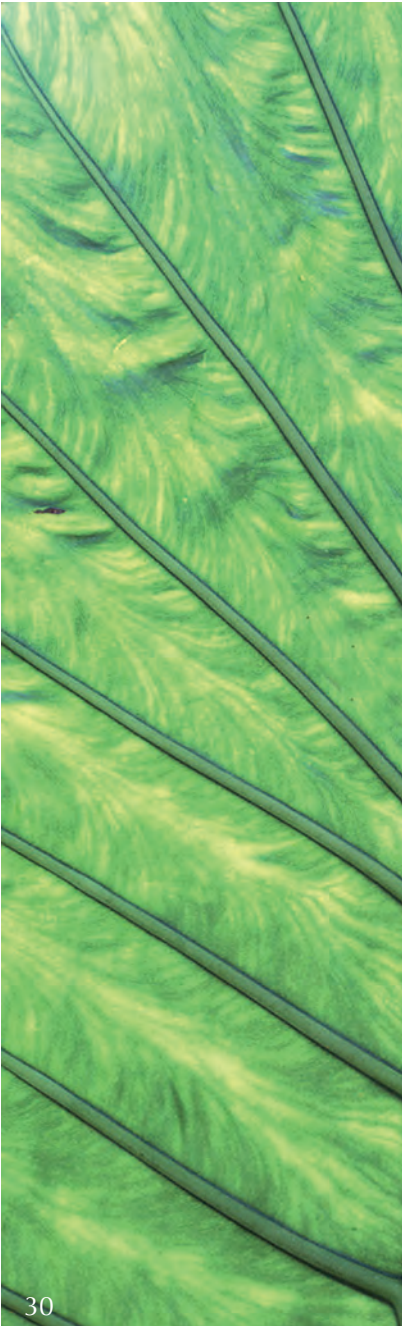


## GROUP FINANCIAL HIGHLIGHTS

	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000
Revenue	598,392	603,951	550,865	508,388	532,516
Profit Before Tax	25,320	30,018	88,597	93,123	109,597
Profit After Tax	17,833	24,814	64,686	69,409	80,956
Shareholders' Fund	581,821	569,224	548,349	472,130	427,843
Earnings Per Share (Sen)	9.5	13.1	34.2	36.3	41.5
Return on Shareholders' Fund (%)	3.07	4.36	11.80	14.70	18.92
Net Assets Per Share (RM)	3.09	3.01	2.90	2.50	2.21



# Export Market Highlights



# SUBUR TIASA Holdings Berhad

341792-W

- BANGLADESH
- CANADA
- CHINA
- HONG KONG
- INDIA
- INDONESIA
- JAPAN
- KOREA
- MIDDLE EAST
- PAKISTAN
- PHILIPPINES
- SINGAPORE
- TAIWAN
- THAILAND
- USA
- VIETNAM



## Chairman's Statement

ON BEHALF OF THE BOARD OF DIRECTORS, IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF SUBUR TIASA HOLDINGS BERHAD ("SUBUR TIASA") FOR THE YEAR ENDED 31 JULY 2009

### FINANCIAL PERFORMANCE

The financial year under review saw the Group undergoing through a very challenging year, with the escalation of a global financial and economic crisis, which began with the slump in the sub-prime mortgage market in the United States of America ("USA"). The global economic turmoil witnessed the developed countries such as USA and Japan battling with recession and the negative effects quickly extended across the world. The timber industry was not spared with the adverse effects of the worldwide market slowdown. The decline in the housing starts in the key global markets, such as USA and Japan, has weakened the demand and selling prices of timber products. The higher operation costs due to increase in fuel and adhesive has exerted further pressure on the Group's profit margin.

Nevertheless, despite the unfavourable and challenging operating environment, the Group managed to reap another year of satisfactory financial performance. This was achieved through the concerted efforts of the insightful, resilient and effective management team under the dynamic leadership dedication of the Group's Managing Director and all the employees of the Group who have implemented timely strategies on improving the efficiency and effectiveness of the operations to address the challenges.

Against this backdrop, the Group registered revenue of RM598.4 million, a marginal decrease of 1% from RM604.0 million in the previous financial year. This was mainly attributable to the lower plywood revenue as a result of lower export sales volume especially in the first two quarters, being partly counteracted by the increase in logs revenue. The Group recorded profit before tax of RM25.3 million and profit after tax of RM17.8 million. Earnings per share was 9.5 sen for the financial year under review.

The shareholders' funds increased by RM12.6 million from RM569.2 million as at the end of previous financial year to RM581.8 million, riding on the profitability attained in the financial year. Return on shareholders' fund was 3.1% and net assets per share also rose to RM3.09 per share from RM3.01 per share as at the end of the previous financial year.

### OPERATIONS REVIEW

#### *Logging*

The logging division contributed about 31% to the total revenue of the Group and emerged as one of the main contributors to the Group's earnings for the financial year under review. When compared to the previous financial year, the increase of logging revenue was mainly attributable to the increase of 11% of export logs sales volume. The increase of the profit from the logging division was in tandem with the increase in sales volume. The Group's export markets are predominantly India, Taiwan, Vietnam and Japan. India continued to be the main export market in view of the promising demand for tropical hardwoods for its booming construction industry.

The Group is committed to achieving optimal returns through effective resource allocation for its downstream activities. We also endeavour to achieve an effective and efficient transportation of logs to meet our aim to ensure timely delivery of logs and maintain the quality of logs delivered, with our investment in enhancing the infrastructure at the logging concession areas and also the possession of a fleet of tugboats and barges.







## Chairman's Statement (contd.)

### *Plywood*

The revenue contribution by the plywood division to the total revenue of the Group for the financial year under review contracted from 43% in previous financial year to 38% in the financial year under review. This was due to the decrease of 13% of plywood revenue which was in line with the reduction of 10% of export sales volume, coupled with the decrease in selling price. The profit margin was further squeezed by the higher operation cost due to higher unit fixed operating expenses over lower production volume, increased glue and lubricant cost. In spite of the pressure exerted on the profit margin, the plywood division managed to contribute positively to the Group's earnings during the financial year under review.

The Group's export markets remained predominantly South Korea, Taiwan, Middle East and Hong Kong. The Group's investment in machinery upgrading in prior years had seen enhanced operational efficiency and effectiveness in the processing of raw material of logs with smaller diameter. The scale of production of plywood was monitored closely to achieve an optimal volume of production to alleviate holding costs of plywood stocks. Our marketing strategy of having a diversified export sales market provided a cushion on the negative impact from over reliance on certain markets.

The Group's efforts in working on certification in the pursuit of diversification into different markets had been fruitful during the financial year. Subur Tiasa Plywood Sdn. Bhd. ("STP") had successfully obtained the California Air resources Board ("CARB") certificate, which signifies that our plywood meets the formaldehyde emission limits stipulated in the California Code of Regulations. The certification will add a competitive advantage to our plywood in broadening the penetration into the North American market. STP also passed the surveillance audit of JAS Certification, CE Marking System Certification and Wood Packaging Treatment Certification during the financial year.

We are pleased to highlight that STP had on 28 October 2009 successfully obtained ISO 9001:2008, a quality management system which ensures products of superior quality. STP was also awarded "Quality Summit Platinum Award for Excellence and Business Prestige", New York 2009, in recognition of the continuous search for quality demonstrated by the achievement of ongoing development and innovation applied to solutions which create business results.

### *Particleboard*

The particleboard division remained its contribution of 11% to the total revenue of the Group for the financial year under review and emerged as the top earner to the Group. Export sales revenue decreased by 5% as compared to the previous financial year and was mainly due to the decrease of 9% of export sales volume, which was partly counteracted by the higher foreign exchange conversion gains arising from the depreciation of the Ringgit Malaysia against the US Dollar in the second half of calendar year 2008. Indonesia, Vietnam, South Korea and the Philippines remain as the major markets for our particleboard.

Our particleboard division has always demonstrated our efforts towards providing environmental friendly products, which facilitate a cleaner environment. It transforms the wood waste not only from our own plywood mills and sawmills but also those along the Rejang Basin in addition to residual wood waste from tree plantations, which would otherwise pollute the environment.

Subur Tiasa Particleboard Sdn. Bhd. ("STC") successfully obtained the Japan Ministry Certification and CARB Certification during the financial year under review to better position itself to diversify the penetration to other export markets which require certification. In addition, STC also managed to obtain ISO9001:2008 Certification recently, which will further boost its brand name in the worldwide market.

### **CORPORATE DEVELOPMENT**

In the pursuit of sustainable forest management, the Group is committed to putting continuous efforts in tree planting projects in various licensed reforestation areas, which increased from three in previous year to five licensed areas in the financial year under review. A total of 30,089 hectares of forest land in the Licenses For Planted Forest have been planted with both indigenous and extraneous species to date. The reforestation will ensure continuous supply of raw materials to our down stream operations in the long run.



## Chairman's Statement (contd.)

Our venture into cultivation of oil palms had seen the scout harvesting of fresh fruit bunches (“FFB”) in the financial year under review. The FFB production is projected to increase over the next few years when the planted areas come into maturity.

The Group embarked on a Biomass Cogeneration Power Plant project in 2008, which will convert wood waste into fuel to generate electricity for the consumption of our factories. The project, which is expected to be commissioned in 2010 will have a synergistic and strategic effect on the Group's operation in long run by reducing the energy costs. The investment further illustrated the Group's aim of creating wealth for shareholders through investments that will benefit all stakeholders as a whole in a socially responsible manner.

Subsequent to the financial year under review, Subur Tiasa had entered into a Sale and Purchase Agreement to acquire 100% of the total issued and paid-up share capital of Saraju Holding Sdn Bhd (“Saraju”), which is conditional upon the satisfactory outcome of due diligence audit. The acquisition of Saraju, the lawful holder of a timber licence, will further enhance the Group's position of being a more integrated timber player and ensure sustainable and continuous supply of raw material to its downstream activities.

### GOVERNANCE AND CORPORATE RESPONSIBILITY

The Group continues its ongoing commitments to integrate good corporate governance and corporate social responsibility into our business practices and operations. We are committed to conducting business in an ethical, sustainable and socially responsible manner. We have always succumbed to the notion of supporting government policies and communities where we operate by instilling good governance practices and upholding ourselves as a good corporate citizen.

### PROSPECTS

While there have been some elements of uncertainties on the global economy, the implementation of economic stimulus packages by major countries, hopefully, will see further consolidation and improvements in the global economy in a sustained manner. The Group will continue to implement the rationalisation of its operations by enhancing efficiencies and effectiveness of the operations, optimisation of the utilisation of resources, parallel with prudent business practices. 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 equipped to face the challenges ahead.

### DIVIDENDS

The commitment of the Group to enhancing shareholder value is clearly demonstrated by consistently delivering rewards to our loyal shareholders. The Board of Directors had recommended a first and final dividend of 4% per share, less 25 % income tax, for the financial year ended 31 July 2009, which will be payable, if approved by shareholders at the forthcoming Annual General Meeting.

### APPRECIATION

I would like to take this opportunity to thank my fellow Board of Directors for their invaluable contribution. I would also like to convey our gratitude to our customers, suppliers, financial institutions, business partners, various government and regulatory bodies as well as shareholders for their unfaltering support. My heartfelt thanks also to the resilient and resourceful Managing Director, Dato' Tiong Ing, the management team and all the employees of the Group for their untiring commitment, dedication and loyalty, which have contributed to the continued success of the Group.

**Datuk Patinggi Tan Sri Dr. Wong Soon Kai**  
Chairman



# Corporate Social Responsibility

As more nations move towards a greener earth and more corporate citizens become more vigilant in their roles towards promoting positive social impact, Subur Tiasa Holdings Berhad (“Subur Tiasa”) too is weaving a greener operation into its core business activities as part of its social contribution. During the financial year under review, it strives to continue its path of growth while maintaining its fundamental principles of creating wealth for shareholders through ethical business practices and benefiting all stakeholders as a whole in a socially responsible manner.

## ENVIRONMENT

In conjunction with its mission, Care for Environment and Communities, Subur Tiasa focuses on maintaining environmental awareness and striving to create balance between economy and ecology. During the financial year, the Company has taken proactive steps to forest re-plantation. The sustainable forest management aims to ensure long term and uninterrupted supply of logs. The planting of various indigenous and extraneous trees coupled with employment of appropriate planting techniques has contributed towards long lasting positive effect on the environment.

Besides that, in 2008, Subur Tiasa Group embarked on a project as a commitment of its contribution to the society. The Biomass Cogeneration Plant project, situated at Upper Lanang, Sibul, will contribute to the reduction of greenhouse gas. It is slated for operation in early 2010 and will generate electricity at full capacity, which is enough for the consumption of its plywood and particleboard plants.

Wood residue from the existing plywood plant would be utilised as fuel for the power plant, which will produce steam to generate electricity and provide heat to dryers for both plywood and particleboard plants. As a result, wood waste will no longer be disposed, and this will put a halt to emission of methane from the decaying wood waste.

With its internally generated electricity, the plants would no longer need to be dependent solely on the local power utility company for supply of its electricity, and this would mean reducing reliance on fossil fuel, thus contributing further to the reduction of emission of greenhouse gas to the environment.

Subur Tiasa has also registered the Biomass Cogeneration Plant for Carbon Development Mechanism under the Kyoto Protocol, a protocol of the United Nations Framework Convention on Climate Change. This enables the Company to sell its carbon emission credit, thus generating additional income.

Moreover, at the office, Subur Tiasa has implemented various measures to reduce the consumption of electricity, water and paper. In order to get the buy-ins from staff, environmental awareness programmes are being carried out. Employees are encouraged to play their parts to save these resources as part of environmental conservation exercise. The Company has achieved great success in controlling the usage of printing paper, with reduction in usage by 25% during the year, as a result of combined effort from the employees.

Furthermore, the employees, aware of their own roles and responsibility towards protecting the earth, took active participation in recycling of old newspaper and aluminium cans. During the lunar New Year, the employees collected, assembled and sold the recyclable materials. Proceeds from the sales were donated to the Sibul Kidney Foundation.

In short, Subur Tiasa is mindful of its role in helping to sustain and improve the environment as its responsibility to the future generation of the nation as well as the citizens of the world.

## COMMUNITY

Subur Tiasa is aware of the truth that business and society co-exist and it is incumbent for a corporation to care for the local community in which it operates and the society at large. It continues to seek ways to alleviate the community’s hardships in any way it could.

### Reaching out to the local community

Subur Tiasa is contributing to the local communities by providing ample job opportunities in line with its economic activities. Also, it had contributed to constructing and improving the infrastructure system in rural areas such as roads, bridges and piers to link remote villages to urban centres within and outside the borders of its concession areas. In addition, it sponsors a kindergarten in Tanjung Manis and adopts a primary school in Baram. At Jelalong, it assisted the local community in leveling and earth-filling work for the construction of a longhouse.

### Care for society

Subur Tiasa also encourages its employees to take active participation in volunteer works. Through its support and combined effort of the employees, many activities were held during the year to cater for the needs of the society at large. Activities that were carried out included:

- Blood donation drive to increase stocks of healthy blood in blood bank
- Fund-raising for Sibul Autistic Association
- Fund-raising for Sarawak Society for the Blind
- Visit to Sibul Benevolent Society Nursing Home
- Visit to Rumah Seri Kenangan



## Corporate Social Responsibility (contd.)



Agape Centre Fund Raising



Blind Society Fund Raising



Blood Donation

As in the past, Subur Tiasa continues to address communities' needs and concerns through continuous financial contributions and in kind to the communities, associations and clubs needing sponsorship and assistance. Among the beneficiaries were sports and recreation clubs, associations, longhouses and religious bodies.

### WORKPLACE

Human capital is the greatest asset of a company. Employees are the core of success and growth to provide a competitive edge. Subur Tiasa fully recognises this fact and takes great care of the welfare of the employees, which in turn, added value to its business operations by securing their loyalty towards the Company.

#### Employee Benefits

Subur Tiasa promotes the well-being of its staff through recognising and rewarding them in fair and equitable manner such as offering competitive basic pay, bonus, annual leave, healthcare benefits, sick leave, panel doctors, etc. Moreover, staff quarters, facilities and other amenities are adequately provided for estate and mill workers.

#### Health and Safety

As a gesture of appreciation to employees and to show great care towards the health of its employees as well as their families, a blood and urine screening tests was organized for them.

Subur Tiasa is also fully committed to ensuring the safety and health of its employees. At the mills, the Safety and Health Committees and the safety officers enforced the Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967. Also, the officers conduct stringent checks and safety audits to ensure all requirements and precautions are adhered to.

Practical training such as fire drills was conducted quarterly to ensure employees at the sites were ready and well prepared for any emergencies. Contractors and their workers were briefed on work safety to prevent and minimize work place accidents. In addition, periodic fogging of the factory compound was done to ensure that it was free from mosquitoes.

#### Workplace Hospitality

At the worksites, Subur Tiasa provides sports facilities for its employees to enjoy their games of badminton, basketball, football and volleyball. Where such facilities are not available, it rents them for the participation of its employees.

To encourage networking, socialising, better understanding and intimate relationship between employees and the management, the Company organized several sporting events, either singly or jointly with companies under the Rimbunan Hijau ("RH") Group. Among these were the Subur Tiasa Table Tennis Competition, Bowling Competition, Family Day and the various Inter-RH Group table tennis, badminton, basketball and bowling competitions.



# Corporate Social Responsibility (contd.)



Old Folks Home



Subur Tiasa Family Day



Recycling

## Employees' Training

Subur Tiasa had also invested substantial resources in the development and training of employees to enhance their skills, knowledge and competencies in order to optimise the Group's business goals. During the year, the company organized 33 external and 107 internal training courses, which made up of technical, safety and competency trainings. More training has been planned for the months ahead.

With improved skills and knowledge of its employees, Subur Tiasa is confident that it is in a position to maintain and improve the quality of its products and services to meet the requirements of its customers as well as expanding its business opportunities.

## MARKETPLACE

Subur Tiasa recognises its responsibility in ensuring that products and services of the best quality are offered to customers and stakeholders besides creating value for the shareholders.

Our customers, both multinationals and local companies have inevitable confidence and trust towards the quality of our products. The Group is committed towards achieving certifications and global recognition for its concessions, manufacturing practices and products.

## Product Safety & Certifications

Our products meet the product safety standards and health and environmental requirements set by our major export markets. Our plywood, for instance, has achieved CE Marking, which is a European product marking and certification system, as well as Japanese Agricultural Standards (JAS) Certification while our particleboard has obtained Japan Ministry Certification. In addition, our wood packaging material has been certified with "Wood Packaging Material Treatment Providers Certification" issued by the Sarawak Department of Agriculture Plant Protection and Quarantine Branch in accordance with International Standards for Phytosanitary Measures, Publication No. 15 (ISPM 15) standards. During the year, we passed surveillance audit for the certifications. Also, we successfully obtained California Air Resources Board (CARB) certification, which verifies that both our plywood and particleboard meet the formaldehyde emission standards as stipulated in the California Code of Regulations; and ISO9001:2008, an approved Quality Management System in accordance with BM TRADA regulations.

In order to ensure conformity to customers' requirements and enhance their satisfaction, we shall continue to build on our reputation by delivering products of superior quality and excellent customer service through continuous improvements of our products and activities.



# Awards & Recognitions

## AWARDS

### SUBUR TIASA HOLDINGS BERHAD

1. BUSINESS SUMMIT AWARD 2007
2. WORLD QUALITY COMMITMENT (WQC) INTERNATIONAL GOLD STAR AWARD

### SUBUR TIASA PARTICLEBOARD SDN. BHD.

1. INTERNATIONAL AWARD FOR THE BEST TRADE NAME 2007 (NEW MILLENNIUM AWARD)
2. DIAMOND EYE AWARD 2007 FOR QUALITY COMMITMENT & EXCELLENCE
3. THE TOP QUALITY CUSTOMER SATISFACTION APTITUDE SEAL FOR HIGH QUALITY PERFORMANCE & BEST CUSTOMER SATISFACTION

### SUBUR TIASA PLYWOOD SDN. BHD.

1. QUALITY SUMMIT PLATINUM AWARD FOR EXCELLENCE & BUSINESS PRESTIGE (NEW YORK 2009)
2. PLATINUM TECHNOLOGY AWARD FOR QUALITY & BEST TRADE NAME

## RECOGNITIONS

### SUBUR TIASA PARTICLEBOARD SDN. BHD.

JAPAN MINISTRY CERTIFICATION  
CALIFORNIA AIR RESOURCES BOARD (CARB) CERTIFICATION  
ISO9001: 2008 CERTIFICATION

### SUBUR TIASA PLYWOOD SDN. BHD.

CE MARKING SYSTEM CERTIFICATION  
JAPANESE AGRICULTURAL STANDARDS (JAS) CERTIFICATION  
CALIFORNIA AIR RESOURCES BOARD (CARB) CERTIFICATION  
ISO9001: 2008 CERTIFICATION





# Awards & Recognitions (contd.)



# Awards & Recognitions





# Financial Statements

## **SUBUR TIASA**

## HOLDINGS BERHAD

Annual Report 2009

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# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2009.

## Principal Activities

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 described in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group during the financial year.

## Results

	Group RM	Company RM
Profit for the year attributable to equity holders of the Company	17,832,976 =====	172,178,643 =====

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.

## Dividends

The amount of dividends declared and paid by the Company since 31 July 2008 were as follows:

In respect of the financial year ended 31 July 2008 as reported in the directors' report of that year:

	RM
First and final dividend of 3% per share, less 25% taxation on 188,953,200 ordinary shares, declared on 30 December 2008 and paid on 18 March 2009	4,251,447 =====

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 July 2009, of 4% less 25% taxation (3 sen net per ordinary shares), will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2010.

## Directors' Report (contd.)

### 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  
 YBhg. Dato' Tiong Ing  
 Tiong Kiong King  
 Ngu Ying Ping (Appointed on 29 June 2009)  
 Ngu Woo Hieng (Resigned on 1 July 2009)

### Directors' Benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 27(a) 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 and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1.8.2008	Bought	Sold	31.7.2009
<b>Direct Interest:</b>				
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	10,500	-	-	10,500
YBhg. Datuk William Lau Kung Hui	10,500	-	-	10,500
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	312,795	-	-	312,795
YBhg. Dato' Tiong Ing	1,498,513	84,300	-	1,582,813
Tiong Kiong King	1,145,343	130,300	-	1,275,643
<b>Indirect Interest:</b>				
YBhg. Dato' Tiong Ing	579,075	-	42,000	537,075
Ngu Ying Ping	21,000	-	-	21,000

## Directors' Report (contd.)

### Treasury Shares

During the financial year, the Company repurchased 579,800 of its issued ordinary shares from the open market at an average price of RM1.69 per share. The total consideration paid for the repurchase including transaction costs was RM984,155. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 July 2009, the Company held as treasury shares a total of 20,579,800 of its 209,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM54,554,623 and further relevant details are disclosed in Note 24 to the financial statements.

### Other Statutory Information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts 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.
- (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.



## Directors' Report (contd.)

### Other Statutory Information (contd.)

- (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.

### Subsequent Events

Subsequent events are disclosed in Note 31 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 dated 16 November 2009.

**Dato' Tiong Ing**

**Tiong Kiong King**



## Statement by Directors

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

We, **Dato' 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 47 to 108 are drawn up in accordance with Financial Reporting 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 2009 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 dated 16 November 2009.

**Dato' Tiong Ing**

**Tiong Kiong King**

## Statutory Declaration

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


I, **Ling Chieh Min**, 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 47 to 108 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 **Ling Chieh Min**  
at Sibu in the State of Sarawak  
on 16 November 2009.

**Ling Chieh Min**

Before me,

**Belinda Hii Tai King**  
**Commissioner for Oaths (Q 64)**  
**Sibu, Malaysia**



# Independent Auditors' Report

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

### Report on the financial statements

We have audited the financial statements of **Subur Tiasa Holdings Berhad**, which comprise the balance sheets as at 31 July 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 108.

#### *Directors' responsibility for the financial statements*

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

#### *Auditors' responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.



# Independent Auditors' Report

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

## Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounting and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.
- (c) We are satisfied that the accounts 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.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## Other matters

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

### ERNST & YOUNG

AF: 0039  
Chartered Accountants

### CHIN MUI KHIONG PETER

No. 1881/03/10 (J)  
Chartered Accountant

Kuching, Malaysia  
Date: 16 November 2009

# Income Statements

## For the Year Ended 31 July 2009

	Note	2009 RM	Group 2008 RM	2009 RM	Company 2008 RM
<b>Revenue</b>	3	598,391,511	603,950,883	524,990,101	316,858,724
Cost of sales		(470,182,178)	(463,906,626)	(265,052,947)	(239,537,929)
<b>Gross Profit</b>		128,209,333	140,044,257	259,937,154	77,320,795
Other income		9,880,630	7,586,195	5,679,213	1,828,147
Administrative expenses		(38,749,532)	(37,933,446)	(29,409,691)	(28,062,763)
Selling and distribution expenses		(49,028,350)	(53,219,254)	(25,961,140)	(25,992,118)
Other expenses		(19,238,516)	(22,619,063)	(13,723,277)	(13,723,268)
<b>Operating Profit</b>		31,073,565	33,858,689	196,522,259	11,370,793
Finance cost	4	(5,753,763)	(3,840,385)	(3,744,638)	(3,383,483)
<b>Profit Before Tax</b>	5	25,319,802	30,018,304	192,777,621	7,987,310
Income tax expense	8	(7,486,826)	(5,203,765)	(20,598,978)	(5,265,645)
<b>Profit for the Year</b>		17,832,976	24,814,539	172,178,643	2,721,665
Attributable to:					
Equity holders of the Company		17,832,976	24,816,789	172,178,643	2,721,665
Minority interest		-	(2,250)	-	-
		17,832,976	24,814,539	172,178,643	2,721,665
<b>Earnings Per Share Attributable to Equity Holders of the Company (sen)</b>					
- Basic, for profit for the year	9(a)	9.5	13.1		
- Diluted, for profit for the year	9(b)	N/A	N/A		

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





# Balance Sheets as at 31 July 2009

	Note	2009 RM	Group 2008 RM	2009 RM	Company 2008 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	11	461,105,857	426,731,314	173,742,743	175,388,489
Prepaid land lease payments	12	55,288,600	44,599,352	2,154,785	2,206,293
Investment properties	13	17,577,538	18,448,841	-	-
Investment in subsidiaries	14	-	-	278,151,121	209,340,598
Intangible assets	15	55,526,384	75,084,774	51,650,832	65,374,109
Long term assets	16	21,461,234	42,219,065	21,461,234	23,560,345
Deferred tax assets	26	14,206,000	14,177,000	-	-
		<u>625,165,613</u>	<u>621,260,346</u>	<u>527,160,715</u>	<u>475,869,834</u>
<b>Current Assets</b>					
Inventories	17	118,879,407	103,256,469	28,444,071	21,148,905
Trade and other receivables	18	64,799,143	50,252,841	28,670,553	20,093,000
Amounts due from subsidiaries	19	-	-	44,953,949	110,579,449
Tax recoverable		2,786,373	5,648,888	-	-
Cash and bank balances	20	69,461,962	65,059,064	12,066,791	2,386,286
		<u>255,926,885</u>	<u>224,217,262</u>	<u>114,135,364</u>	<u>154,207,640</u>
<b>TOTAL ASSETS</b>		<u>881,092,498</u>	<u>845,477,608</u>	<u>641,296,079</u>	<u>630,077,474</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	24	209,000,000	209,000,000	209,000,000	209,000,000
Share premium		59,679,744	59,679,744	59,679,744	59,679,744
Treasury shares	24	(54,554,623)	(53,570,468)	(54,554,623)	(53,570,468)
Retained earnings	25	367,696,241	354,114,712	279,171,334	111,244,138
<b>Total Equity</b>		<u>581,821,362</u>	<u>569,223,988</u>	<u>493,296,455</u>	<u>326,353,414</u>

## Balance Sheets as at 31 July 2009 (contd.)

	Note	2009 RM	Group 2008 RM	2009 RM	Company 2008 RM
<b>Non-Current Liabilities</b>					
Borrowings	21	96,144,229	91,060,005	29,972,509	50,538,605
Deferred tax liabilities	26	19,410,306	18,305,433	7,552,000	6,139,000
		<u>115,554,535</u>	<u>109,365,438</u>	<u>37,524,509</u>	<u>56,677,605</u>
<b>Current Liabilities</b>					
Borrowings	21	66,613,028	35,610,462	47,354,273	34,562,262
Trade and other payables	23	114,316,958	129,488,192	55,747,734	78,156,944
Amounts due to subsidiaries	19	-	-	4,663,227	132,577,637
Tax payables		2,786,615	1,789,528	2,709,881	1,749,612
		<u>183,716,601</u>	<u>166,888,182</u>	<u>110,475,115</u>	<u>247,046,455</u>
<b>Total Liabilities</b>		<u>299,271,136</u>	<u>276,253,620</u>	<u>147,999,624</u>	<u>303,724,060</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>881,092,498</u>	<u>845,477,608</u>	<u>641,296,079</u>	<u>630,077,474</u>

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



# Consolidated Statement

## of Changes in Equity For the Year Ended 31 July 2009

Note	Share capital (Note 24) RM	←Non-Distributable→		Distributable	Minority interest RM	Total RM
		Share premium RM	Treasury shares (Note 24) RM	Retained earnings (Note 25) RM		
<b>At 1 August 2007</b>	200,000,000	59,679,744	(53,570,468)	342,239,923	-	548,349,199
Bonus issue	9,000,000	-	-	(9,000,000)	-	-
Investment in a subsidiary company by minority interest	-	-	-	-	2,250	2,250
Profit for the year	-	-	-	24,816,789	(2,250)	24,814,539
Dividends	10	-	-	(3,942,000)	-	(3,942,000)
<b>At 31 July 2008</b>	209,000,000	59,679,744	(53,570,468)	354,114,712	-	569,223,988
Purchase of treasury shares	-	-	(984,155)	-	-	(984,155)
Profit for the year	-	-	-	17,832,976	-	17,832,976
Dividends	10	-	-	(4,251,447)	-	(4,251,447)
<b>At 31 July 2009</b>	209,000,000	59,679,744	(54,554,623)	367,696,241	-	581,821,362

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

# Company Statement

## of Changes in Equity For the Year Ended 31 July 2009

	Note	Share capital (Note 24) RM	← Non-Distributable →		Distributable	Total RM
			Share premium RM	Treasury shares (Note 24) RM	Retained earnings (Note 25) RM	
<b>At 1 August 2007</b>		200,000,000	59,679,744	(53,570,468)	121,464,473	327,573,749
Bonus issue		9,000,000	-	-	(9,000,000)	-
Profit for the year		-	-	-	2,721,665	2,721,665
Dividends	10	-	-	-	(3,942,000)	(3,942,000)
<b>At 31 July 2008</b>		209,000,000	59,679,744	(53,570,468)	111,244,138	326,353,414
Profit for the year		-	-	-	172,178,643	172,178,643
Dividends	10	-	-	-	(4,251,447)	(4,251,447)
Purchase of treasury shares		-	-	(984,155)	-	(984,155)
<b>At 31 July 2009</b>		209,000,000	59,679,744	(54,554,623)	279,171,334	493,296,455

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



# Cash Flow Statements

## For the Year Ended 31 July 2009

Note	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash Flows from Operating Activities</b>				
Profit before tax	25,319,802	30,018,304	192,777,621	7,987,310
Adjustments for:				
Amortisation of intangible assets	5 19,558,390	20,456,499	13,723,277	13,723,268
Amortisation of prepaid land lease	5 899,208	565,160	51,508	51,509
Depreciation of property, plant and equipment	5 50,566,566	45,274,145	25,329,531	19,613,914
Depreciation of investment properties	5 871,303	871,304	-	-
Inventory write down	5 -	1,218,202	-	-
Property, plant and equipment written off	5 535,606	5,908	527	-
Provision for doubtful debts	5 -	51,162	-	-
(Gain)/loss on disposal of property, plant and equipment	5 (139,359)	(302,613)	(120,091)	28,185
Reversal of inventory write down	5 (592,040)	(502,940)	-	-
Unrealised foreign exchange loss/(gain)	5 269,355	(173,512)	53,326	(323)
Interest expense	4 5,753,763	3,840,385	3,744,638	3,383,483
Interest income	5 (1,393,993)	(1,844,236)	(322,937)	(373,246)
Impairment loss on timber rights	5 -	4,064,000	-	-
Operating profit before working capital changes	101,648,601	103,541,768	235,237,400	44,414,100
(Increase)/decrease in inventories	(15,030,898)	14,777,387	(7,295,166)	(200,059)
Increase in trade and other receivables	(12,506,128)	(27,160,257)	(6,478,442)	(504,997)
Decrease in trade and other payables	(15,381,653)	(10,184,550)	(22,462,536)	(2,988,566)
Decrease in amount due to subsidiaries	-	-	(75,618,582)	(29,839,801)
Cash generated from/(used in) operations	58,729,922	80,974,348	(123,382,674)	10,880,677
Interest paid	(7,522,035)	(5,302,167)	(3,719,638)	(3,383,483)
Tax paid net of tax refund	(2,551,350)	(9,736,189)	(4,652,042)	(3,980,970)
Net cash generated from operating activities	48,656,537	65,935,992	115,010,994	3,516,224

# Cash Flow Statements

For the Year Ended 31 July 2009 (contd.)

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash Flows from Investing Activities</b>					
Purchase of treasury shares	24	(984,155)	-	(984,155)	-
Addition of investment in subsidiaries		-	(10,012,002)	(68,810,523)	(16,801,768)
Purchase of investment properties	13	-	(93,820)	-	-
Purchase of property, plant and equipment		(68,118,505)	(86,079,879)	(14,706,486)	(18,807,751)
Addition of prepaid land lease	12	(416,576)	(5,082,907)	-	-
Proceeds from disposal of property, plant and equipment		1,276,261	494,670	382,265	681,543
Interest received		1,393,993	1,844,236	53,942	373,246
Net cash used in investing activities		(66,848,982)	(98,929,702)	(84,064,957)	(34,554,730)
<b>Cash Flows from Financing Activities</b>					
Repayment of revolving credit		(10,000,000)	-	(10,000,000)	-
Repayment of bankers' acceptances		(10,657,000)	(7,168,000)	-	-
Proceed from bankers' acceptances		10,657,000	3,390,000	-	-
Proceeds from drawdown of hire purchase financing		5,789,250	9,693,000	5,789,250	9,693,000
Proceeds from drawdown of term loan		29,833,867	22,423,516	-	11,941,513
Repayment of hire purchase liabilities		(26,794,366)	(19,268,345)	(26,794,366)	(19,268,345)
Proceeds from revolving credit		34,500,000	6,000,000	19,000,000	6,000,000
Repayment of term loan		(6,481,961)	-	(5,008,969)	-
Capital contribution by minority interest		-	2,250	-	-
Dividends paid		(4,251,447)	(3,964,657)	(4,251,447)	(3,964,657)
Net cash generated from/ (used in) financing activities		22,595,343	11,107,764	(21,265,532)	4,401,511
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		4,402,898	(21,885,946)	9,680,505	(26,636,995)
<b>Cash and Cash Equivalents at Beginning of Year</b>		65,059,064	86,945,010	2,386,286	29,023,281
<b>Cash and Cash Equivalents at End of Year</b>	20	69,461,962	65,059,064	12,066,791	2,386,286

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



# Notes to the Financial Statements

- 31 July 2009

## 1. Corporate Information

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

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 14 to the financial statements. There have been no significant changes in the nature of the principal activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 November 2009.

## 2. Significant Accounting Policies

### 2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have also been prepared on a historical basis. The financial statements are presented in Ringgit Malaysia (RM).

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiaries and Basis of Consolidation

##### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit and loss.

##### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (a) Subsidiaries and Basis of Consolidation (contd.)

##### (ii) Basis of Consolidation (contd.)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

#### (b) Intangible Assets

##### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (b) Intangible Assets (contd.)

##### (ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

##### **Rights in Timber Licence**

Rights in timber licence 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 range from 7 to 15 years.

##### **Computer Softwares and Licences**

The computer software and licences cost are amortised using the straight-line method over their estimated useful lives of 10 years.

#### (c) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (c) Property, Plant and Equipment, and Depreciation (contd.)

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

Buildings	2% - 10%
Watercrafts, tractors, trucks and motor vehicles	10% - 25%
Plant and machinery	7.5% - 20%
Infrastructure facilities	5% - 10%
Furniture, fittings and equipment	5% - 20%
Computer hardware	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.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (d) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (d) Investment Properties (contd.)

Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Leasehold lands are depreciated over the period of the leases which range from 5 years to 908 years.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of investment properties.

An item of investment properties is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit and loss.

#### (e) Inventories

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

Cost of raw materials and general stores is determined using the weighted average method. The cost of finished goods and work-in-progress 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.

#### (f) Leases

##### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(d)); and

# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (f) Leases (contd.)

##### (i) Classification (contd.)

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

##### (ii) Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

##### (iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (f) Leases (contd.)

##### (iv) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### (g) Income Tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### (h) Employee Benefits

##### (i) Short term benefits

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

# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (h) Employee Benefits (contd.)

##### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

##### (i) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### (i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### (ii) 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.



# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (j) Foreign Currencies

##### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

##### (ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group’s net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group’s net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company’s net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company’s financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (k) Impairment of Non-Financial Assets

The carrying amounts of assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

#### (l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs incurred in connection with borrowings are charged to the income statement as an expense in the period in which they are incurred.





# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (m) 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) 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.

#### (ii) 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.

#### (iii) 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.

#### (iv) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.



# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (m) Financial Instruments (contd.)

##### (v) 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 profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

##### (vi) 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.



# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.3 Standards and Interpretations Issued but Not Yet Effective

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

<b>FRS, Amendments to FRS and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 101: Presentation of Financial Statements (revised 2009)	1 January 2010
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132: Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139: Financial Instruments: Recognition and Measurement and FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSs: Contained in the document entitled "Improvements to FRSs (2009)"	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

# Notes to the Financial Statements

- 31 July 2009

## 2. Significant Accounting Policies (contd.)

### 2.3 Standards and Interpretations Issued but Not Yet Effective (contd.)

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

The other new and revised FRS, Amendments to FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 8 and FRS 101.

### 2.4 Significant Accounting Estimates and Judgements

#### (a) Critical Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 2.2 above, the management of the Company is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amount recognised in the financial statements.

#### (b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

#### Deferred tax assets

Deferred tax assets are recognised for all unutilised reinvestment allowance ("RA") and investment tax allowances ("ITA") to the extent that it is probable that taxable profit will be available against which the RA and ITA can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised unutilised RA and ITA of the Group was RM56,611,000 (2008: RM62,780,000).

# Notes to the Financial Statements

- 31 July 2009

### 3. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sale of logs	187,961,366	170,932,200	331,444,877	293,167,159
Sale of plywood	228,107,011	260,612,414	-	-
Sale of raw and laminated particleboard	63,453,172	65,909,908	-	-
Sale of sawn timber, finger joint moulding and by-products	61,014,040	69,160,848	13,683,629	17,170,067
Contract fee from timber extraction and reforestation	56,217,113	36,351,144	3,301,229	6,521,498
Dividend income	-	-	176,560,366	-
Others	1,638,809	984,369	-	-
	<u>598,391,511</u>	<u>603,950,883</u>	<u>524,990,101</u>	<u>316,858,724</u>

### 4. Finance Cost

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense on:				
Bank borrowings	4,671,612	2,239,687	641,149	321,003
Hire purchase liabilities	2,850,423	3,062,480	3,103,489	3,062,480
	<u>7,522,035</u>	<u>5,302,167</u>	<u>3,744,638</u>	<u>3,383,483</u>
Less: Interest capitalised in plantation development expenditure (Note 11)	(1,768,272)	(1,461,782)	-	-
Net interest expense	<u>5,753,763</u>	<u>3,840,385</u>	<u>3,744,638</u>	<u>3,383,483</u>

# Notes to the Financial Statements

- 31 July 2009

## 5. Profit Before Tax

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Employee benefits expense (Note 6)	66,378,692	59,317,239	31,712,273	25,952,376
Non-executive directors' remuneration (Note 7)				
- fees	311,331	308,000	200,000	200,000
- other emoluments	336,000	336,000	240,000	240,000
Auditors' remuneration				
- current year	132,600	124,700	34,000	33,000
- under/(over) provided in prior year	5,800	(9,000)	-	-
- other services	8,000	8,000	8,000	8,000
Amortisation of intangible assets (Note 15)	19,558,390	20,456,499	13,723,277	13,723,268
Amortisation of prepaid land lease payments (Note 12)	899,208	565,160	51,508	51,509
Provision for doubtful debts	-	51,162	-	-
Depreciation of property, plant and equipment (Note 11)	50,566,566	45,274,145	25,329,531	19,613,914
Depreciation of investment properties (Note 13)	871,303	871,304	-	-
Property, plant and equipment written off	535,606	5,908	527	-
Rental of				
- buildings	102,330	105,650	36,300	11,850
- land	527,530	266,500	202,080	121,000
- equipment and vehicles	182,353	158,945	96,225	77,895
Impairment loss on timber rights (Note 15)	-	4,064,000	-	-
Unrealised foreign exchange (gain)/loss	269,355	(173,512)	53,326	(323)
Inventory write down	-	1,218,202	-	-
Reversal of inventory write down	(592,040)	(502,940)	-	-
Interest income	(1,393,993)	(1,844,236)	(322,937)	(373,246)
Net realised foreign exchange gain	(3,843,839)	(3,653,459)	(1,462,370)	(837,391)
Loss/(gain) on disposal of property, plant and equipment	(139,359)	(302,613)	(120,091)	28,185
Rental income	(473,400)	(305,265)	(235,200)	(195,365)
	=====	=====	=====	=====

# Notes to the Financial Statements

- 31 July 2009

## 6. Employee Benefits Expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages, salaries and bonus	51,681,422	45,287,442	28,079,795	22,154,327
Contribution to defined contribution plan	4,851,928	4,257,630	2,826,028	2,358,462
Other benefits	9,845,342	9,772,167	806,450	1,439,587
	<u>66,378,692</u>	<u>59,317,239</u>	<u>31,712,273</u>	<u>25,952,376</u>
	=====	=====	=====	=====

Included in employee benefits expense of the Group and of the Company is an executive director's remuneration amounting to RM3,012,600 (2008: RM3,521,200) and RM2,952,600 (2008: RM3,462,200) respectively as further disclosed in Note 7.

## 7. Directors' Remuneration

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Director of the Company:</b>				
Executive directors' remuneration (Note 6)				
- fees	71,000	70,000	35,000	35,000
- salaries, bonus and other emoluments	2,629,000	3,084,000	2,605,000	3,060,000
- contribution to defined contribution plan	312,600	367,200	312,600	367,200
	<u>3,012,600</u>	<u>3,521,200</u>	<u>2,952,600</u>	<u>3,462,200</u>
	=====	=====	=====	=====
Non-executive directors' remuneration (Note 5)				
- fees	232,331	229,000	200,000	200,000
- other emoluments	264,000	264,000	240,000	240,000
	<u>496,331</u>	<u>493,000</u>	<u>440,000</u>	<u>440,000</u>
	=====	=====	=====	=====

# Notes to the Financial Statements

- 31 July 2009

## 7. Directors' Remuneration (contd.)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Directors of subsidiaries:</b>				
Non-executive directors' remuneration (Note 5)				
- fees	79,000	79,000	-	-
- other remuneration	72,000	72,000	-	-
	<u>151,000</u>	<u>151,000</u>	<u>-</u>	<u>-</u>
Total	<u>3,659,931</u>	<u>4,165,200</u>	<u>3,392,600</u>	<u>3,902,200</u>

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	
	2009	2008
<b>Executive director:</b>		
RM3,000,001 - RM3,050,000	1	-
RM3,500,001 - RM3,550,000	-	1
<b>Non-executive directors:</b>		
Less than RM50,000	3	3
RM50,001 - RM100,000	1	1
RM250,001 - RM300,000	1	1
	<u>=====</u>	<u>=====</u>





# Notes to the Financial Statements

- 31 July 2009

## 8. Income Tax Expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Income tax:				
Current year provision	6,753,903	7,482,000	19,543,000	5,751,000
Overprovision in prior years	(342,950)	(1,249,368)	(357,022)	(1,295,355)
	<u>6,410,953</u>	<u>6,232,632</u>	<u>19,185,978</u>	<u>4,455,645</u>
Deferred tax (Note 26):				
- Relating to origination and reversal of temporary differences	1,989,560	(1,437,728)	1,086,000	546,000
- (Over)/under provided in prior years	(905,921)	448,652	327,000	487,000
- Relating to changes in tax rates	(7,766)	(39,791)	-	(223,000)
	<u>1,075,873</u>	<u>(1,028,867)</u>	<u>1,413,000</u>	<u>810,000</u>
	<u>7,486,826</u>	<u>5,203,765</u>	<u>20,598,978</u>	<u>5,265,645</u>

# Notes to the Financial Statements

- 31 July 2009

## 8. Income Tax Expense (contd.)

Current income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

An explanation of the relationship between tax expense 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	
	2009 %	2008 %	2009 %	2008 %
Statutory tax rate	25	26	25	26
Effect of income not subject to tax	(3)	-	(16)	-
Effect of tax at lower rate	-	-	-	(3)
Effect of expenses not deductible for tax purposes	21	17	3	53
Effect of expenses eligible for double deduction	(14)	(15)	-	-
Effect of utilisation of previously unrecognised unabsorbed tax losses and capital allowances	-	(3)	-	-
Effect of utilisation of current year's reinvestment allowances	-	(8)	-	-
Effect of group relief from transfer of losses from subsidiaries	-	-	(1)	-
Overprovision of income tax expense in prior year	(1)	(4)	(1)	(16)
(Over)/underprovision of deferred tax expense in prior years	(4)	1	1	6
Deferred tax assets not recognised in respect of deductible temporary differences	2	3	-	-
Deferred tax not recognised on unabsorbed tax losses and unutilised capital allowances	4	-	-	-
Average effective tax rate	<u>30</u>	<u>17</u>	<u>11</u>	<u>66</u>
	====	====	====	====

The Company tax charge for the year has been reduced by RM1,079,500 because of the losses surrendered by its subsidiaries. No payment for this surrender is to be made by the Company.



# Notes to the Financial Statements

- 31 July 2009

## 9. Earnings Per Share

### (a) Basic

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

	2009 RM	2008 RM
Profit for the year attributable to equity holders of the Company (RM)	17,832,976	24,816,789
Weighted average number of ordinary shares in issue	188,802,425	189,000,000
Basic earnings per share (sen)	9.5	13.1
	=====	=====

### (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

	Dividends in respect of Year		Dividends Recognised in Year	
	2008 RM	2007 RM	2009 RM	2008 RM
<b>Recognised during the year:</b>				
Final dividend for 2008: 3 sen per share, less 25% taxation on 188,953,200 ordinary shares	4,251,447	-	4,251,447	-
	=====	=====	=====	=====
Final dividend for 2007: 3 sen per share, less 27% taxation on 180,000,000 ordinary shares	-	3,942,000	-	3,942,000
	=====	=====	=====	=====

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 July 2009, of 4 % less 25% taxation ( 3 sen net per ordinary share), will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2010.

# Notes to the Financial Statements

## - 31 July 2009

### 11. Property, Plant and Equipment

Group	Freehold 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
<b>Cost</b>										
At 1 August 2008	162,260	125,437,583	50,078,451	207,379,039	325,340,781	56,887,250	15,306,865	5,510,523	28,289,445	814,392,197
Additions	-	2,008,781	12,462,233	1,410,027	5,899,907	7,052,108	780,043	539,188	49,951,538	80,103,825
Transfer from long term asset	-	-	-	-	-	-	-	-	6,998,720	6,998,720
Disposals	-	(10,732)	-	(661,222)	(3,840,822)	-	(12,675)	(7,184)	-	(4,532,635)
Written off	-	(2,323,935)	-	(30,000)	(2,139,339)	(900)	(41,796)	(6,024)	(73,109)	(4,615,103)
Transfer	-	29,519,335	-	20,863,680	5,919,961	1,350,000	23,605	15,300	(57,691,881)	-
At 31 July 2009	162,260	154,631,032	62,540,684	228,961,524	331,180,488	65,288,458	16,056,042	6,051,803	27,474,713	892,347,004
<b>Accumulated Depreciation and Impairment Losses</b>										
At 1 August 2008	-	-	-	49,401,532	224,928,485	26,497,887	9,099,283	4,254,979	-	382,961,594
Accumulated depreciation	4,999	68,774,429	-	-	4,699,289	-	-	-	-	4,699,289
Accumulated impairment losses	-	-	-	-	-	-	-	-	-	-
At 1 August 2008	4,999	68,774,429	-	49,401,532	229,627,774	26,497,887	9,099,283	4,254,979	-	387,660,883

# Notes to the Financial Statements

- 31 July 2009

## 11. Property, Plant and Equipment (contd.)

Group (contd.)	Freehold 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 31 July 2009 (contd.)										
Accumulated Depreciation and Impairment Losses (contd.)										
Depreciation charge for the year	-	4,146,336	-	21,891,399	15,341,663	7,864,763	1,334,970	476,363	-	51,055,494
Charge to income statement (Note 5)	-	4,146,336	-	21,891,399	14,865,866	7,864,763	1,321,839	476,363	-	50,566,566
Capitalised in plantation development expenditure	-	-	-	-	475,797	-	13,131	-	-	488,928
Disposals	-	(1,124)	-	(2,325,324)	(1,052,905)	-	(10,615)	(5,765)	-	(3,395,733)
Written off	-	(1,970,517)	-	(23,947)	(2,047,151)	(135)	(37,273)	(474)	-	(4,079,497)
At 31 July 2009	4,999	70,949,124	-	68,943,660	241,869,381	34,362,515	10,386,365	4,725,103	-	431,241,147
Analysed as:										
Accumulated depreciation	4,999	70,949,124	-	68,943,660	237,170,092	34,362,515	10,386,365	4,725,103	-	426,541,858
Accumulated impairment losses	-	-	-	-	4,699,289	-	-	-	-	4,699,289
At 31 July 2009	4,999	70,949,124	-	68,943,660	241,869,381	34,362,515	10,386,365	4,725,103	-	431,241,147
Net Carrying Amount	157,261	83,681,908	62,540,684	160,017,864	89,311,107	30,925,943	5,669,677	1,326,700	27,474,713	461,105,857



# Notes to the Financial Statements

## - 31 July 2009

### 11. Property, Plant and Equipment (contd.)

Group (contd.)	Freehold 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
<b>At 31 July 2008</b>										
<b>Cost</b>										
At 1 August 2007	162,260	116,206,779	36,081,679	157,579,476	300,628,646	44,093,775	14,259,775	5,270,709	17,996,221	692,279,320
Acquisition of subsidiary	-	5,201,693	-	792,953	5,693,488	300,000	97,550	-	-	12,085,684
Additions	-	944,346	13,996,772	2,147,623	470,465	12,492,575	741,663	340,532	82,627,732	113,761,708
Disposals	-	-	-	(539,058)	(384,714)	-	(13,170)	-	-	(936,942)
Written off	-	-	-	-	(2,109,949)	-	(72,998)	(123,828)	-	(2,306,775)
Transfer	-	3,084,765	-	47,398,045	21,042,845	900	294,045	23,110	(71,843,710)	-
Transfer to inventory	-	-	-	-	-	-	-	-	(490,798)	(490,798)
At 31 July 2008	162,260	125,437,583	50,078,451	207,379,039	325,340,781	56,887,250	15,306,865	5,510,523	28,289,445	814,392,197
<b>Accumulated Depreciation and Impairment Losses</b>										
At 1 August 2007										
Accumulated depreciation	4,999	63,789,131	-	30,967,898	206,401,233	21,758,905	7,783,838	3,924,239	-	334,630,243
Accumulated impairment losses	-	-	-	-	5,168,940	-	-	-	-	5,168,940
At 1 August 2007	4,999	63,789,131	-	30,967,898	211,570,173	21,758,905	7,783,838	3,924,239	-	339,799,183

# Notes to the Financial Statements

## - 31 July 2009

### 11. Property, Plant and Equipment (contd.)

Group (contd.)	Freehold 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
<b>At 31 July 2008 (contd.)</b>										
<b>Accumulated Depreciation and Impairment Losses (contd.)</b>										
Acquisition of subsidiary	-	1,103,228	-	626,719	3,041,903	10,714	80,720	-	-	4,863,284
Depreciation charge for the year	-	3,882,070	-	17,440,824	18,234,120	4,728,268	1,304,380	454,506	-	46,044,168
Charge to income statement (Note 5)	-	3,882,070	-	17,440,824	17,469,297	4,728,268	1,299,180	454,506	-	45,274,145
Capitalised in plantation development expenditure	-	-	-	-	764,823	-	5,200	-	-	770,023
Disposals	-	-	-	(347,565)	(394,817)	-	(2,503)	-	-	(744,885)
Written off	-	-	-	-	(2,109,949)	-	(67,152)	(123,766)	-	(2,300,867)
Transfer	-	-	-	713,656	(713,656)	-	-	-	-	-
At 31 July 2008	4,999	68,774,429	-	49,401,532	229,627,774	26,497,887	9,099,283	4,254,979	-	387,660,883
Analysed as:										
Accumulated depreciation	4,999	68,774,429	-	49,401,532	224,928,485	26,497,887	9,099,283	4,254,979	-	382,961,594
Accumulated impairment losses	-	-	-	-	4,699,289	-	-	-	-	4,699,289
At 31 July 2008	4,999	68,774,429	-	49,401,532	229,627,774	26,497,887	9,099,283	4,254,979	-	387,660,883
<b>Net Carrying Amount</b>	<b>157,261</b>	<b>56,663,154</b>	<b>50,078,451</b>	<b>157,977,507</b>	<b>95,713,007</b>	<b>30,389,363</b>	<b>6,207,582</b>	<b>1,255,544</b>	<b>28,289,445</b>	<b>426,731,314</b>

# Notes to the Financial Statements

- 31 July 2009

## 11. Property, Plant and Equipment (contd.)

Company	Buildings RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in- progress RM	Total RM
<b>At 31 July 2009</b>								
<b>Cost</b>								
At 1 August 2008	18,643,722	144,955,512	3,794,226	37,851,637	9,740,510	2,280,041	1,234,243	218,499,891
Additions	350,710	3,169,459	-	6,818,475	501,734	471,921	12,634,187	23,946,486
Disposals	-	(431,169)	-	-	(2,333)	(7,184)	-	(440,686)
Written off	-	(5,000)	-	-	-	(915)	-	(5,915)
Transfer	105,533	11,256,838	542,784	1,350,000	2,035	15,300	(13,272,490)	-
At 31 July 2009	19,099,965	158,945,640	4,337,010	46,020,112	10,241,946	2,759,163	595,940	241,999,776
<b>Accumulated Depreciation</b>								
At 1 August 2008	2,151,830	21,808,575	611,905	11,884,149	5,399,701	1,255,242	-	43,111,402
Depreciation charge for the year (Note 5)	663,137	16,319,037	384,437	6,538,934	1,017,888	406,098	-	25,329,531
Disposals	-	(171,859)	-	-	(888)	(5,765)	-	(178,512)
Written off	-	(4,999)	-	-	-	(389)	-	(5,388)
At 31 July 2009	2,814,967	37,950,754	996,342	18,423,083	6,416,701	1,655,186	-	68,257,033
<b>Net Carrying Amount</b>								
	16,284,998	120,994,886	3,340,668	27,597,029	3,825,245	1,103,977	595,940	173,742,743



# Notes to the Financial Statements

- 31 July 2009

## 11. Property, Plant and Equipment (contd.)

Company (contd.)	Buildings RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in- progress RM	Total RM
<b>At 31 July 2008</b>								
<b>Cost</b>								
At 1 August 2007	17,064,349	115,415,509	2,392,232	27,390,766	9,085,435	1,960,754	2,818,959	176,128,004
Additions	441,555	1,236,943	70,313	10,460,871	483,314	319,287	30,540,618	43,552,901
Disposals	-	(1,180,444)	-	-	(570)	-	-	(1,181,014)
Transfer	1,137,818	29,483,504	1,331,681	-	172,331	-	(32,125,334)	-
At 31 July 2008	18,643,722	144,955,512	3,794,226	37,851,637	9,740,510	2,280,041	1,234,243	218,499,891
<b>Accumulated Depreciation</b>								
At 1 August 2007	1,634,333	8,735,864	349,080	7,940,736	4,428,714	880,047	-	23,968,774
Depreciation charge for the year (Note 5)	517,497	13,543,987	262,825	3,943,413	970,997	375,195	-	19,613,914
Disposals	-	(471,276)	-	-	(10)	-	-	(471,286)
At 31 July 2008	2,151,830	21,808,575	611,905	11,884,149	5,399,701	1,255,242	-	43,111,402
<b>Net Carrying Amount</b>								
	16,491,892	123,146,937	3,182,321	25,967,488	4,340,809	1,024,799	1,234,243	175,388,489

# Notes to the Financial Statements

- 31 July 2009

## 11. Property, Plant and Equipment (contd.)

- (a) Certain buildings of the Group with net carrying amount of RM3,589,308 (2008: RM4,159,505) 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 carrying amount of the property, plant and equipment 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	
	2009 RM	2008 RM	2009 RM	2008 RM
Tractor and trucks	228,844	222,483	-	-
Buildings	11,914,390	11,081,965	10,826,323	11,081,965
	<u>12,143,234</u>	<u>11,304,448</u>	<u>10,826,323</u>	<u>11,081,965</u>
	=====	=====	=====	=====

- (c) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM80,103,825 (2008: RM113,761,708) and RM23,946,486 (2008: RM43,552,901) respectively of which RM9,240,000 (2008: RM24,745,150) were acquired by means of hire purchase arrangements. Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Company	
	2009 RM	2008 RM
Tractors, trucks and motor vehicles	86,838,359	80,723,009
	<u>86,838,359</u>	<u>80,723,009</u>
	=====	=====

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 22.

- (d) The net carrying amount of property, plant and equipment pledged for borrowings as referred in Note 21 are as follows:

	Group	
	2009 RM	2008 RM
Power plant-in-progress	25,629,975	-
Plantation and buildings	62,540,684	50,078,451
Watercrafts and vehicles	14,333,765	15,984,512
	<u>102,504,424</u>	<u>66,062,963</u>
	=====	=====

# Notes to the Financial Statements

- 31 July 2009

## 11. Property, Plant and Equipment (contd.)

- (e) Included in property, plant and equipment of the Group are the following expenses incurred and capitalised during the financial year:

	Group	
	2009 RM	2008 RM
<b>Plantation development expenditure:</b>		
Staff costs	830,325	550,793
Depreciation	488,928	770,023
Interest expense (Note 4)	1,768,272	1,461,782
Amortisation of prepaid land lease payment (Note 12)	488,120	704,874
<b>Power plant-in-progress:</b>		
Interest expenses	253,066	-
	=====	=====

## 12. Prepaid Land Lease Payments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 August	44,599,352	33,320,517	2,206,293	2,257,802
Addition	416,576	5,082,907	-	-
Transfer from long term assets	11,660,000	-	-	-
Acquisition of subsidiaries (Note 14)	-	7,465,962	-	-
Amortisation for the year	(1,387,328)	(1,270,034)	(51,508)	(51,509)
Charge to income statement (Note 5)	899,208	565,160	51,508	51,509
Capitalised in plantation development (Note 11(e))	488,120	704,874	-	-
At 31 July	55,288,600	44,599,352	2,154,785	2,206,293
Analysed as:				
Long term leasehold land	22,546,727	23,150,045	-	-
Short term leasehold land	32,741,873	21,449,307	2,154,785	2,206,293
	55,288,600	44,599,352	2,154,785	2,206,293
	=====	=====	=====	=====

The net carrying amount of leasehold land of the Group pledged for borrowing as referred in Note 21 to the financial statements is RM38,268,157 (2008: RM15,142,895).

Short leasehold land of the Group and the Company with carrying value of RM3,569,384 (2008: RM6,206,621) and RM2,154,785 (2008: RM2,206,293) are yet to be registered in the name of the subsidiaries and of the Company respectively.

# Notes to the Financial Statements

- 31 July 2009

## 13. Investment Properties

	Long leasehold land RM	Short leasehold land RM	Total RM
<b>Group</b>			
<b>At 31 July 2009</b>			
<b>Cost</b>			
At 1 August 2008/31 July 2009	9,879,101	9,902,582	19,781,683
<b>Accumulated Depreciation</b>			
At 1 August 2008	22,258	1,310,584	1,332,842
Depreciation charge for the year (Note 5)	12,380	858,923	871,303
At 31 July 2009	34,638	2,169,507	2,204,145
<b>Net Carrying Amount</b>	9,844,463	7,733,075	17,577,538
<b>At 31 July 2008</b>			
<b>Cost</b>			
At 1 August 2007	9,839,941	9,847,922	19,687,863
Additions	39,160	54,660	93,820
At 31 July 2008	9,879,101	9,902,582	19,781,683
<b>Accumulated Depreciation</b>			
At 1 August 2007	9,880	451,658	461,538
Depreciation charge for the year (Note 5)	12,378	858,926	871,304
At 31 July 2008	22,258	1,310,584	1,332,842
<b>Net Carrying Amount</b>	9,856,843	8,591,998	18,448,841

The fair value of the investment properties as at 31 July 2009 is approximately RM19,782,000 (2008: RM19,782,000).



# Notes to the Financial Statements

- 31 July 2009

## 14. Investment in Subsidiaries

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost	283,151,120	214,340,597
Less: Accumulated impairment loss	(4,999,999)	(4,999,999)
	<u>278,151,121</u>	<u>209,340,598</u>
	=====	=====

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

Name of subsidiaries	Equity interest held (%)		Principal activities
	2009	2008	
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	Sawmilling of 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
Homet Raya Sdn. Bhd.	100	100	Supply of electricity
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	100	Property holding and development
Allied Asiatic Sdn. Bhd.	100	100	Towage and transportation services
Joyful Realty Sdn. Bhd.	100	100	Property holding and development

# Notes to the Financial Statements

- 31 July 2009

## 14. 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
	2009	2008	
Borneo Lumber Industries Sdn. Bhd. *	100	100	Manufacture and sale of sawn timber
Blessings Palm Sdn. Bhd. *	100	100	Cultivation of oil palm
JPH Logging Sdn. Bhd. *	100	100	Logging contractor
Grace Million Sdn. Bhd.	100	100	Manufacture and sale of sawn timber
Infrapalm Sdn. Bhd. *	100	55	Cultivation of oil palm
Diamond Plywood Sdn. Bhd.	100	100	Dormant
AA Plywood Sdn. Bhd.	100	100	Dormant
Excelle Timber Sdn. Bhd.	100	100	Dormant
Victory Round Sdn. Bhd.	100	100	Dormant
JPH Enterprise Sdn. Bhd.	100	100	Dormant
Blessings Realty Sdn. Bhd.	100	100	Dormant
Semarak Veneer & Plywood Sdn. Bhd. *	100	100	Dormant
Joyful Shipping Sdn. Bhd. *	100	-	Dormant

On 7 May 2009, the Company acquired 100% equity interest in Joyful Shipping Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

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

### Acquisition of subsidiary

The acquired subsidiary has contributed the results to the Group:

Loss for the year

RM

(10,206)

=====

# Notes to the Financial Statements

- 31 July 2009

## 14. Investment in Subsidiaries (contd.)

The assets and liabilities arising from the acquisition are as follows:

### Fair value assumed by from acquisition of the subsidiary at date of incorporation of subsidiary:

	RM
Share capital	2
<b>Cost of acquisition</b>	<u>2</u>
	=====
Purchase consideration satisfied by:	
Cash	2
	=====
Cash outflow arising on acquisition:	
Net cash outflow of the Group	2
	=====

## 15. Intangible Assets

Group	Rights in timber licences RM	Goodwill on consolidation RM	Computer software & licences RM	Total RM
<b>Costs</b>				
At 1 August 2007	224,330,460	2,602,055	19,014,264	245,946,779
Addition	-	118,100	-	118,100
	<u>224,330,460</u>	<u>2,720,155</u>	<u>19,014,264</u>	<u>246,064,879</u>
	=====	=====	=====	=====
<b>Accumulated amortisation and impairment losses</b>				
At 1 August 2007	131,908,190	-	14,551,416	146,459,606
Amortisation (Note 5)	18,555,068	-	1,901,431	20,456,499
Impairment loss recognised in profit and loss (Note 5)	4,064,000	-	-	4,064,000
	<u>154,527,258</u>	<u>-</u>	<u>16,452,847</u>	<u>170,980,105</u>
	<u>18,152,370</u>	<u>-</u>	<u>1,406,020</u>	<u>19,558,390</u>
	<u>172,679,628</u>	<u>-</u>	<u>17,858,867</u>	<u>190,538,495</u>
	=====	=====	=====	=====

# Notes to the Financial Statements

- 31 July 2009

## 15. Intangible Assets (contd.)

	Rights in timber licences RM	Goodwill on consolidation RM	Computer software & licences RM	Total RM
<b>Group</b>				
<b>Net carrying amount</b>				
At 31 July 2009	51,650,832	2,720,155	1,155,397	55,526,384
At 31 July 2008	69,803,202	2,720,155	2,561,417	75,084,774
<b>Company</b>				
<b>Costs</b>				
At 1 August/31 July			183,446,732	183,446,732
<b>Accumulated amortisation</b>				
At 1 August			118,072,623	104,349,355
Amortisation (Note 5)			13,723,277	13,723,268
At 31 July			131,795,900	118,072,623
<b>Net carrying amount</b>			51,650,832	65,374,109

## 16. Long Term Assets

	<b>Group</b>		<b>Company</b>	
	<b>2009</b> RM	<b>2008</b> RM	<b>2009</b> RM	<b>2008</b> RM
Long term receivable	21,461,234	23,560,345	21,461,234	23,560,345
Deposit for purchase of plant and machineries	-	18,658,720	-	-
	21,461,234	42,219,065	21,461,234	23,560,345



# Notes to the Financial Statements

- 31 July 2009

## 16. Long Term Assets (contd.)

Long term receivable represents an advance payment 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 from this third party.

## 17. Inventories

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>At cost</b>				
Raw materials:				
- Logs	28,157,565	21,977,156	15,838,331	13,015,877
- Waste timber	384,470	560,449	-	-
Finished goods				
- Finger joint moulding	-	493,403	-	-
- Particleboard	4,697,012	2,219,133	-	-
- Plywood and veneer	19,866,537	29,990,321	-	-
- Sawn timber	4,493,164	8,036,350	3,403,641	713,615
Work-in-progress	19,707,186	11,863,956	6,244,955	2,172,701
General stores	24,908,961	28,115,701	2,957,144	5,246,712
	<u>102,214,895</u>	<u>103,256,469</u>	<u>28,444,071</u>	<u>21,148,905</u>
At net realisable value:				
Finished goods				
- Finger joint moulding	446,839	-	-	-
- Sawn timber	12,703,451	-	-	-
Work-in-progress	3,514,222	-	-	-
	<u>16,664,512</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>118,879,407</u>	<u>103,256,469</u>	<u>28,444,071</u>	<u>21,148,905</u>

# Notes to the Financial Statements

- 31 July 2009

## 18. Trade and Other Receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Trade receivables</b>				
Third parties	37,328,027	25,679,844	15,465,386	3,649,985
Related companies	16,283,086	4,382,550	2,901,688	1,358,989
Less: Allowances for doubtful debts - third parties	(1,680,741)	(1,680,741)	(18,074)	(18,074)
	<u>51,930,372</u>	<u>28,381,653</u>	<u>18,349,000</u>	<u>4,990,900</u>
<b>Other receivables</b>				
Third parties	8,174,227	18,007,119	7,516,646	12,672,510
Related companies	91,604	-	91,604	-
Less: Allowance for doubtful debts	(20,000)	(20,000)	-	-
	<u>8,245,831</u>	<u>17,987,119</u>	<u>7,608,250</u>	<u>12,672,510</u>
Deposits	594,724	706,817	75,560	17,460
Prepayments	4,028,216	3,177,252	2,637,743	2,412,130
	<u>12,868,771</u>	<u>21,871,188</u>	<u>10,321,553</u>	<u>15,102,100</u>
	<u>64,799,143</u>	<u>50,252,841</u>	<u>28,670,553</u>	<u>20,093,000</u>

### (a) Amount Due from Related Companies

Amount due from related companies represent companies in which certain directors and substantial shareholders of the Company have financial interests. These amounts are unsecured, interest-free and have no fixed terms of repayment.

### (b) Credit Risk

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.

Further details on related party transaction are disclosed in Note 27.

# Notes to the Financial Statements

- 31 July 2009

## 19. Amount Due from/(to) Subsidiaries

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	RM	RM
Amounts due from subsidiaries	50,146,668	115,772,168
Less: Allowance for doubtful debts	(5,192,719)	(5,192,719)
	<u>44,953,949</u>	<u>110,579,449</u>
	=====	=====
Amounts due to subsidiaries	(4,663,227)	(132,577,637)
	=====	=====

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

## 20. Cash and Cash Equivalents

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	RM	RM	RM	RM
Cash on hand and at banks	35,055,213	7,693,154	9,366,791	2,386,286
Deposits with licensed banks	34,406,749	57,365,910	2,700,000	-
	<u>69,461,962</u>	<u>65,059,064</u>	<u>12,066,791</u>	<u>2,386,286</u>
	=====	=====	=====	=====

Fixed deposit of the Group amounted to RM188,934 (2008: RM182,150) have been pledged to a bank as security for bank guarantee granted to a subsidiary.

Other information on financial risks of cash and cash equivalents are disclosed in Note 30.

# Notes to the Financial Statements

- 31 July 2009

## 21. Borrowings

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Short term borrowings</b>				
Secured:				
Hire purchase liabilities (Note 22)	27,345,303	23,553,293	27,345,303	23,553,293
Term loans	3,758,755	1,048,200	-	-
	<u>31,104,058</u>	<u>24,601,493</u>	<u>27,345,303</u>	<u>23,553,293</u>
Unsecured:				
Revolving credit	30,500,000	6,000,000	15,000,000	6,000,000
Term loans	5,008,970	5,008,969	5,008,970	5,008,969
	<u>35,508,970</u>	<u>11,008,969</u>	<u>20,008,970</u>	<u>11,008,969</u>
	<u>66,613,028</u>	<u>35,610,462</u>	<u>47,354,273</u>	<u>34,562,262</u>
<b>Long term borrowings</b>				
Secured:				
Term loans	66,171,720	40,521,400	-	-
Hire purchase liabilities (Note 22)	19,954,569	35,511,695	19,954,569	35,511,695
	<u>86,126,289</u>	<u>76,033,095</u>	<u>19,954,569</u>	<u>35,511,695</u>
Unsecured term loan	10,017,940	15,026,910	10,017,940	15,026,910
	<u>96,144,229</u>	<u>91,060,005</u>	<u>29,972,509</u>	<u>50,538,605</u>
<b>Total Borrowings</b>				
Revolving credit	30,500,000	6,000,000	15,000,000	6,000,000
Term loans	84,957,385	61,605,479	15,026,910	20,035,879
Hire purchase liabilities	47,299,872	59,064,988	47,299,872	59,064,988
	<u>162,757,257</u>	<u>126,670,467</u>	<u>77,326,782</u>	<u>85,100,867</u>
	=====	=====	=====	=====



# Notes to the Financial Statements

- 31 July 2009

## 21. Borrowings (contd.)

The secured term loan of the Group are secured against the long leasehold land as referred in Note 12 to the financial statements and plantation, buildings and watercrafts as referred in Note 11 to the financial statement and corporate guarantee of the Company.

Other information on financial risk of borrowings is disclosed in Note 30.

## 22. Hire Purchase Liabilities

	<b>Group and Company</b>	
	<b>2009</b>	<b>2008</b>
	RM	RM
<b>Future hire purchase payments:</b>		
Not later than 1 year	29,096,015	26,051,064
Later than 1 year and not later than 2 years	14,794,538	24,545,603
Later than 2 years and not later than 5 years	5,974,711	12,584,054
	<hr/>	<hr/>
Total future minimum lease payments	49,865,264	63,180,721
Less: Future finance charges	(2,565,392)	(4,115,733)
	<hr/>	<hr/>
Present value of finance lease liabilities (Note 21)	47,299,872	59,064,988
	<hr/>	<hr/>
<b>Analysis of present value of hire purchase liabilities:</b>		
Not later than 1 year	27,345,303	23,553,293
Later than 1 year and not later than 2 years	14,139,562	23,322,100
Later than 2 years and not later than 5 years	5,815,007	12,189,595
	<hr/>	<hr/>
	47,299,872	59,064,988
Less: Amount due within 12 months (Note 21)	(27,345,303)	(23,553,293)
	<hr/>	<hr/>
Amount due after 12 months (Note 21)	19,954,569	35,511,695
	<hr/>	<hr/>

Other information on financial risks of hire purchase liabilities are disclosed in Note 30.

# Notes to the Financial Statements

- 31 July 2009

## 23. Trade and Other Payables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Trade payables</b>				
Third parties	77,356,164	60,404,912	42,819,546	36,418,083
Related companies	25,381,846	58,284,016	8,306,173	38,274,933
	<u>102,738,010</u>	<u>118,688,928</u>	<u>51,125,719</u>	<u>74,693,016</u>
<b>Other payables</b>				
Accruals	4,542,945	4,762,938	2,899,856	1,858,164
Deposits	564,313	365,391	58,800	58,800
Other payables	6,471,690	5,670,935	1,663,359	1,546,964
	<u>11,578,948</u>	<u>10,799,264</u>	<u>4,622,015</u>	<u>3,463,928</u>
	<u>114,316,958</u>	<u>129,488,192</u>	<u>55,747,734</u>	<u>78,156,944</u>

### (a) Trade Payables

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

### (b) Amount Due to Related Companies

Amount due to related companies are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transaction are disclosed in Note 27.

## 24. Share Capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid share capital	<u>209,000,000</u>	<u>209,000,000</u>	<u>209,000,000</u>	<u>209,000,000</u>



# Notes to the Financial Statements

- 31 July 2009

## 24. Share Capital (contd.)

### 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 30 December 2008, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 579,800 of its issued ordinary shares from the open market at an average price of RM1.69 per share. The total consideration paid for the repurchase was RM984,155, comprising consideration paid amounting to RM977,472 and transaction cost of RM6,683. 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 2009.

Of the total 209,000,000 (2008: 209,000,000) issued and fully paid ordinary shares as at 31 July 2009, 20,579,800 (2008: 20,000,000) ordinary shares are held as treasury shares by the Company. As at 31 July 2009, the number of outstanding ordinary shares in issue and fully paid is therefore 188,420,200 (2008: 189,000,000) ordinary shares of RM1 each.

## 25. Retained Earnings

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 July 2009 and 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

The Company has tax exempt profits available for distribution of approximately RM98,718,000 (2008: RM31,002,000), subject to agreement of the Inland Revenue Board.

As at 31 July 2009, the Company has sufficient credit in 108 balances and the balance in tax-exempt account to frank the payment of dividends out of its entire retained earnings.

# Notes to the Financial Statements

- 31 July 2009

## 26. Deferred Tax

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 August 2008	4,128,433	2,390,779	6,139,000	5,329,000
Recognised in income statement (Note 8)	1,075,873	(1,028,867)	1,413,000	810,000
Acquisition of subsidiaries	-	2,766,521	-	-
At 31 July 2009	<u>5,204,306</u>	<u>4,128,433</u>	<u>7,552,000</u>	<u>6,139,000</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(14,206,000)	(14,177,000)	-	-
Deferred tax liabilities	19,410,306	18,305,433	7,552,000	6,139,000
	<u>5,204,306</u>	<u>4,128,433</u>	<u>7,552,000</u>	<u>6,139,000</u>

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:

	Prepaid land lease payments RM	Property, plant and equipment RM	Intangible assets Rights in timber licences RM	Total RM
At 1 August 2008	4,858,032	21,587,819	978,282	27,424,133
Recognised in income statement	(149,643)	17,896,937	(978,282)	16,769,012
At 31 July 2009	<u>4,708,389</u>	<u>39,484,756</u>	<u>-</u>	<u>44,193,145</u>
At 1 August 2007	3,353,713	16,462,000	3,464,470	23,280,183
Recognised in income statement	(6,416)	3,483,796	(2,486,188)	991,192
Acquisition of subsidiaries	1,510,735	1,642,023	-	3,152,758
At 31 July 2008	<u>4,858,032</u>	<u>21,587,819</u>	<u>978,282</u>	<u>27,424,133</u>



# Notes to the Financial Statements

## - 31 July 2009

### 26. Deferred Tax (contd.)

Deferred tax assets of the Group:

	Unutilised investment tax allowances and reinvestment allowance RM	Unused tax losses and unutilised capital allowances RM	Property, plant and equipment RM	Allowance of doubtful debts RM	Allowance of inventories RM	Accrued liabilities RM	Total RM
At 1 August 2008	(15,695,000)	(5,360,666)	(445,000)	(32,000)	(1,192,034)	(571,000)	(23,295,700)
Recognised in income statement	801,000	(15,947,173)	(744,000)	-	330,034	(133,000)	(15,693,139)
At 31 July 2009	(14,894,000)	(21,307,839)	(1,189,000)	(32,000)	(862,000)	(704,000)	(38,988,839)
At 1 August 2007	(17,747,000)	(1,268,000)	(528,000)	(33,000)	(923,404)	(390,000)	(20,889,404)
Recognised in income statement	2,052,000	(3,706,429)	83,000	1,000	(268,630)	(181,000)	(2,020,059)
Acquisition of subsidiaries	-	(386,237)	-	-	-	-	(386,237)
At 31 July 2008	(15,695,000)	(5,360,666)	(445,000)	(32,000)	(1,192,034)	(571,000)	(23,295,700)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM
At 1 August 2008	6,530,000
Recognised in income statement	1,512,000
At 31 July 2009	8,042,000
At 1 August 2007	5,575,000
Recognised in income statement	955,000
At 31 July 2008	6,530,000

# Notes to the Financial Statements

## - 31 July 2009

### 26. Deferred Tax (contd.)

Deferred tax assets of the Company:

	<b>Accrued liabilities</b>	
	<b>2009</b>	<b>2008</b>
	RM	RM
At 1 August	(391,000)	(246,000)
Recognised in income statement	(99,000)	(145,000)
At 31 July	<u>(490,000)</u>	<u>(391,000)</u>
	=====	=====

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

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	RM	RM
Deductible temporary differences on inventory, property, plant and equipment	4,153,000	3,307,000
Unused tax losses	7,522,959	8,983,248
Unutilised capital allowances	5,011,234	3,667,154
	<u>16,687,193</u>	<u>15,957,402</u>
	=====	=====

### 27. Significant Related Party Transactions

(a) In addition to related party disclosures mentioned elsewhere in the financial statements, the Group and the Company had the following transaction with related parties during the financial year:

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	RM	RM
<b>Subsidiaries:</b>		
Sales to subsidiaries		
- log	145,454,644	127,109,397
- sawn timber	8,610,605	9,494,121
- property, plant and equipment	504,063	435,986
Purchases from subsidiaries		
- grocery stock	2,615,835	737,844
- sawn timber	1,081,326	507,175
- plywood	59,266	24,211
Services paid/payable to subsidiaries		
- freight and handling charges	9,885,423	6,488,108
- logpond handling charges	2,130,147	-
	<u>9,885,423</u>	<u>6,488,108</u>
	=====	=====

# Notes to the Financial Statements

- 31 July 2009

## 27. Significant Related Party Transactions (contd.)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Related companies*:</b>				
Services paid/payable to related companies				
- air tickets charges	78,997	256,064	18,368	142,404
- freight and handling charges	12,960,613	20,547,777	2,626,381	5,568,742
- helicopter charter charges	767,306	750,320	767,306	750,320
- insurance charges	136,655	144,766	92,500	106,102
- logging contract fee	102,897,191	78,078,053	99,059,245	72,571,561
- marketing fee	913,932	858,072	913,932	858,072
- rental of land	130,200	130,200	-	-
Purchase from related companies				
- purchase of property, plant and equipment	565,015	846,675	546,485	573,249
- purchase of consumable stores	12,748,755	23,151,603	7,613,935	17,093,137
- purchase of electricity	712,191	695,266	-	-
- purchase of logs	49,803,859	46,801,026	42,742,589	39,431,428
- purchase of adhesive materials	41,339,138	41,467,278	-	-
- purchase of waste timber	160,166	207,032	-	-
- purchase of investment in a subsidiary	-	7,680,000	-	7,680,000
Income from related companies				
- rental income	253,200	-	235,200	-
- supply of electricity	29,532	-	-	-
- sales of logs	2,350,915	2,644,129	2,350,915	2,644,129
- sales of waste timber	144,210	94,382	-	-
- sales of sawn timber	338,805	190,059	8,050	17,410
- towage and handling income	2,056,706	133,668	2,024,575	-
- contract fee income	56,217,111	35,416,824	2,440,198	6,521,498
	=====	=====	=====	=====

\* Related companies are companies in which certain directors or substantial shareholders of the Company or persons connected with them have substantial interests.

The related party transactions are mainly to provide support to the Group's day-to-day operations. It is the Group's policy to purchase materials, goods or services also from related parties when the prices, fees or charges are competitive with prices, fees or charges obtained from third parties; by taking into consideration of the availability of raw materials or resources, reliability of supply, delivery, services and quality of material or goods.

Sales of logs and timber related products to related parties and other income received or receivable from related parties have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

# Notes to the Financial Statements

- 31 July 2009

## 27. Significant Related Party Transactions (contd.)

### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term employee benefits	5,013,499	5,629,193	4,354,077	4,918,533
Defined contribution plan	507,644	577,014	463,332	528,219
	<u>5,521,143</u>	<u>6,206,207</u>	<u>4,817,409</u>	<u>5,446,752</u>
	=====	=====	=====	=====
Included in total key management personnel are:				
Directors' remuneration (Note 7)	3,659,931	4,165,200	3,392,600	3,902,200
	<u>3,659,931</u>	<u>4,165,200</u>	<u>3,392,600</u>	<u>3,902,200</u>
	=====	=====	=====	=====

## 28. Commitments

### (a) Capital commitment:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	15,107,858	40,940,900	7,544,800	8,650,400
Approved but not contracted for:				
Property, plant and equipment	4,543,286	20,195,748	-	-
	<u>19,651,144</u>	<u>61,136,648</u>	<u>7,544,800</u>	<u>8,650,400</u>
	=====	=====	=====	=====



# Notes to the Financial Statements

- 31 July 2009

## 28. Commitments (contd.)

### (b) Operating lease commitments:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	RM	RM
Not later than 1 year	264,600	264,600
Later than 1 year and not later than 5 years	529,200	529,200
	793,800	793,800
	=====	=====

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

## 29. Contingent Liabilities

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	RM	RM
Unsecured:		
Corporate guarantees given to banks for banking facilities granted to subsidiaries	85,430,475	41,569,600
	=====	=====

## 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.

# Notes to the Financial Statements

- 31 July 2009

## 30. Financial Instruments (contd.)

### (b) Interest Rate Risk

The Group's income and operating cash flows are affected by 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.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-5 Years RM	More than 5 Years RM	Total RM
<b>Group</b>							
<b>At 31 July 2009</b>							
<b>Fixed rate</b>							
Hire purchase liabilities	22	5.34	27,345,303	14,139,562	5,815,007	-	47,299,872
Deposits with licensed banks	20	1.73	34,406,749	-	-	-	34,406,749
<b>Floating rate</b>							
Term loans	21	4.05	8,767,725	13,776,695	30,204,498	32,208,467	84,957,385
Revolving credit	21	3.96	30,500,000	-	-	-	30,500,000
<b>At 31 July 2008</b>							
<b>Fixed rate</b>							
Hire purchase liabilities	22	5.32	23,553,293	23,322,100	12,189,595	-	59,064,988
Deposits with licensed banks	20	3.31	57,365,910	-	-	-	57,365,910
<b>Floating rate</b>							
Term loans	21	4.65	6,057,169	7,105,369	26,355,341	22,087,600	61,605,479
Revolving credit	21	4.85	6,000,000	-	-	-	6,000,000



# Notes to the Financial Statements

- 31 July 2009

## 30. Financial Instruments (contd.)

### (b) Interest Rate Risk (contd.)

	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-5 Years RM	More than 5 Years RM	Total RM
<b>Company</b>							
<b>At 31 July 2009</b>							
<b>Fixed rate</b>							
Hire purchase liabilities	22	5.34	27,345,303	14,139,562	5,815,007	-	47,299,872
Deposits with licensed bank	20	1.65	2,700,000	-	-	-	2,700,000
<b>Floating rate</b>							
Term loans	21	3.33	5,008,970	5,008,970	5,008,970	-	15,026,910
Revolving credit	21	3.29	15,000,000	-	-	-	15,000,000
<b>At 31 July 2008</b>							
<b>Fixed rate</b>							
Hire purchase liabilities	22	5.32	23,553,293	23,322,100	12,189,595	-	59,064,988
<b>Floating rate</b>							
Term loans	21	4.83	5,008,969	5,008,969	10,017,941	-	20,035,879
Revolving credit	21	4.85	6,000,000	-	-	-	6,000,000

# Notes to the Financial Statements

- 31 July 2009

## 30. Financial Instruments (contd.)

### (c) Foreign Currency Risk

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

The currency exposure profile of trade receivables and trade payables are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables:				
Ringgit Malaysia	21,179,410	13,193,697	4,266,333	3,553,169
US Dollar	32,431,703	16,868,697	14,100,741	1,455,805
	53,611,113	30,062,394	18,367,074	5,008,974
	=====	=====	=====	=====
Trade payables:				
Ringgit Malaysia	102,398,791	116,732,985	51,125,719	74,693,016
US Dollar	117,145	969,466	-	-
Euro	139,251	280,712	-	-
Japanese Yen	82,720	-	-	-
Singapore Dollar	103	705,765	-	-
	102,738,010	118,688,928	51,125,719	74,693,016
	=====	=====	=====	=====

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

	Currency	Maturities Within 1 Year
<b>Forwards used to hedge anticipated sales</b>		
At 31 July 2009	USD	-
		=====
At 31 July 2008	USD	15,552,601
		=====



# Notes to the Financial Statements

- 31 July 2009

## 30. Financial Instruments (contd.)

### (d) Liquidity risk

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

### (e) Credit risk

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

### (f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except for the followings:

	Note	2009		2008	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Group</b>					
Long term receivables	16	21,461,234	16,913,322	23,560,345	17,556,439
Hire purchase liabilities	22	47,299,872	47,268,753	59,064,988	59,056,720
Forward foreign exchange contract	30(c)	-	-	-	(941,736)
		=====	=====	=====	=====
<b>Company</b>					
Long term receivables	16	21,461,234	16,913,322	23,560,345	17,556,439
Hire purchase liabilities	22	47,299,872	47,268,753	59,064,988	59,056,720
Forward foreign exchange contract	30(c)	-	-	-	(941,736)
		=====	=====	=====	=====

The methods and assumption used by the management to determine fair values of financial statements other than those whose carrying amounts reasonably approximate their fair values are as follows:

# Notes to the Financial Statements

- 31 July 2009

## 30. Financial Instruments (contd.)

### (f) Fair Values (contd.)

#### (i) Long term receivables and hire purchase liabilities

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

#### (ii) Forward foreign exchange contract

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

## 31. Subsequent Events

On 16 November 2009, the Company had entered into a Sale and Purchase Agreement with a non-related party, to acquire a total five hundred thousand (500,000) ordinary shares of RM1.00 each, representing the entire issued and paid up capital of Saraju Holding Sdn. Bhd., for a total cash consideration of RM17,500,000. The acquisition is conditional upon the satisfactory outcome of due diligence audit.

## 32. Segment Reporting

### (a) Reporting Format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. No secondary information on a geographical basis has been presented as the Group's activities are wholly carried out in Malaysia. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### (b) Business Segment

The Group comprises the following main business segments:

- |                    |   |  |
|--------------------|---|--|
| (i) Logging        | - | Extraction and sale of logs  |
| (ii) Manufacturing | - | Manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger joint moulding and supply of electricity                |
| (iii) Others       | - | Tree planting (reforestation) and oil palm plantation, sales of grocery, provision of towage and transportation services, property holding and development |



# Notes to the Financial Statements

- 31 July 2009

## 32. Segment Reporting (contd.)

### (c) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on the term negotiated in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

#### Business Segments

	Logging RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
<b>31 July 2009</b>					
<b>Revenue</b>					
External revenue	204,409,146	352,574,223	41,408,142	-	598,391,511
Inter-segment sales	155,236,555	313,385	22,260,479	(177,810,419)	-
Total revenue	<u>359,645,701</u>	<u>352,887,608</u>	<u>63,668,621</u>	<u>(177,810,419)</u>	<u>598,391,511</u>
<b>Result</b>					
Segment results	10,050,588	20,852,998	(558,159)	728,138	31,073,565
Finance costs					(5,753,763)
Taxation					(7,486,826)
Profit for the year					<u>17,832,976</u>
<b>Assets</b>					
Segment assets	369,903,389	387,710,876	180,378,284	(73,892,424)	864,100,125
Unallocated assets	458,500	16,531,737	2,136	-	16,992,373
Consolidated total assets					<u>881,092,498</u>

# Notes to the Financial Statements

- 31 July 2009

## 32. Segment Reporting (contd.)

### (c) Allocation basis and transfer pricing (contd.)

#### Business Segments (contd.)

	Logging RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
<b>31 July 2009</b>					
<b>Liabilities</b>					
Segment liabilities	144,800,973	121,874,312	89,484,070	(79,085,140)	277,074,215
Unallocated liabilities	10,261,881	7,024,040	4,911,000	-	22,196,921
Consolidated total liabilities					299,271,136
<b>Other Information</b>					
Capital expenditure	24,308,743	56,162,176	15,646,305	(3,936,824)	92,180,400
Depreciation	29,114,654	16,741,050	5,582,165	-	51,437,869
Amortisation of intangible assets	18,152,370	1,406,020	-	-	19,558,390
Amortisation of prepaid lease payment	51,508	729,643	118,057	-	899,208
<b>31 July 2008</b>					
<b>Revenue</b>					
External revenue	184,945,662	395,728,180	23,277,041	-	603,950,883
Inter-segment sales	143,683,290	174,097	11,266,333	(155,123,720)	-
Total revenue	328,628,952	395,902,277	34,543,374	(155,123,720)	603,950,883
<b>Result</b>					
Segment results	147,412	33,276,955	176,290	258,032	33,858,689
Finance costs					(3,840,385)
Taxation					(5,203,765)
Profit for the year					24,814,539
<b>Assets</b>					
Segment assets	442,476,049	499,738,087	160,299,569	(258,063,387)	844,450,318
Unallocated assets					1,027,290
Consolidated total assets					845,477,608



# Notes to the Financial Statements

- 31 July 2009

## 32. Segment Reporting (contd.)

### (c) Allocation basis and transfer pricing (contd.)

#### Business Segments (contd.)

	Logging RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
<b>31 July 2008</b>					
<b>Liabilities</b>					
Segment liabilities	297,678,410	96,415,511	135,785,819	(262,527,971)	267,351,769
Unallocated liabilities					8,901,851
Consolidated total liabilities					276,253,620
<b>Other Information</b>					
Capital expenditure	45,156,070	37,906,943	36,250,724	(1,944,019)	117,369,718
Depreciation	18,941,718	22,486,211	4,717,520	-	46,145,449
Impairment losses on timber rights	4,064,000	-	-	-	4,064,000
Amortisation of intangible assets	18,555,068	1,901,431	-	-	20,456,499
Amortisation of prepaid lease payment	51,509	474,183	39,468	-	565,160

## List of Properties as at 31 July 2009

Location	Tenure	Land Area (Hectares)	Existing Use	Approximate Age of Building	Net Carrying Amount as at 31.07.2009 (RM)	Date of Acquisition
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	24.05	Factories, office, welfare building	1 - 20 years	66,045,160	31.03.1989 - 30.12.1994
Lot 47, Balingian Land District, Mukah	Leasehold land expiring on 11.02.2064	5,000	Oil palm plantation, office, store, quarters	3 years	64,712,455	30.09.2004
Lot 854-866, Block 10, Sibuland District	Leasehold land expiring on 30.09.2054	0.2123	Office building	8 years	12,981,108	01.06.2001
Industrial Land at Lot 400, Blk 38 Kemena Land, Bintulu	Leasehold land expiring on 15.09.2057	12.672	Factory, office, welfare building	13 years	12,245,147	01.10.2008
Lot 62, Block 12, Buan Land District, Tanjung Manis	Leasehold land expiring on 01.08.2051	4.18	Factory, office, welfare building	14 years	7,551,359	01.08.2007
Lot 1, Block 22, Majau Land District	Leasehold land expiring on 22.05.2067	2,000	Oil palm plantation estate	-	6,557,097	09.07.2008
Lot 11726, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2025	2.261	Vacant	-	4,921,703	05.06.2006
Concession Land, Garu, Kapit	-	-	Factory, office, welfare building	4 years	4,025,925	31.07.2005
Country Lease No. 015146139, Kota Kinabalu	Leasehold land expiring on 01.03.2916	1.3597	Vacant	-	3,825,761	10.05.2007
Lot 10, Section 43, Kuching Town Land District	Leasehold land expiring on 13.05.2816	0.7406	Vacant	-	3,494,885	15.03.2006



# Analysis of Shareholdings

as at 31 October 2009

## Share Capital

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Fully Paid-up Share Capital	:	RM 209,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Share

## Distribution schedule of ordinary shares

Holdings	No. of Holders	Total Holdings	%
less than 100 shares	49	1,716	0.00 #
100 to 1,000 shares	82	47,931	0.02
1,001 to 10,000 shares	2,641	5,433,820	2.89
10,001 to 100,000 shares	187	4,599,605	2.44
100,001 to less than 5% of issued shares	53	58,954,322	31.31
5% and above of issued shares	8	119,266,806	63.34
Total	3,020	188,304,200 *	100.00

# Less than 0.01%

\* Excluding 20,695,800 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on the Record of Depositors as at 31 October 2009

## List of Substantial Shareholders

as at 31 October 2009

Name	No. of Ordinary Shares of RM1.00 each	
	Direct Interest	Indirect Interest
1. Tiong Toh Siong Holdings Sdn. Bhd.	61,950,021 (32.90% <sup>‡</sup> )	25,029,307 <sup>(*)</sup> (13.29% <sup>‡</sup> )
2. Twintop Sdn. Bhd.	21,522,295 <sup>(*)</sup> (11.43% <sup>‡</sup> )	-
3. Kinta Hijau Sdn. Bhd.	16,937,532 (9.00% <sup>‡</sup> )	-
4. Raya Abadi Sdn. Bhd.	16,675,033 (8.86% <sup>‡</sup> )	-
5. Teck Sing Lik Enterprise Sdn. Bhd.	4,679,977 (2.49% <sup>‡</sup> )	88,029,328 <sup>(*)</sup> (46.75% <sup>‡</sup> )
6. Tan Sri Datuk Diong Hiew King @ Tiong Hiew King	1,109,120 (0.59% <sup>‡</sup> )	92,709,305 <sup>(*)</sup> (49.24% <sup>‡</sup> )

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

(\*2) 10,500,000 shares were held through Mayban Nominees (Tempatan) Sdn. Bhd.

(\*3) Deemed interested by virtue of its substantial shareholdings in Tiong Toh Siong Holdings Sdn. Bhd., Twintop Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

(\*4) Deemed interested by virtue of his substantial shareholdings 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.

<sup>‡</sup> Excluding 20,703,800 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 31 October 2009





## Directors' Interests

as at 31 October 2009

Names	No. of Ordinary Shares Held in the Company			
	Direct Interest	%#	Indirect Interest	%#
1. YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	10,500	0.01	-	-
2. YBhg. Datuk William Lau Kung Hui	10,500	0.01	-	-
3. YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh	312,795 <sup>(*1)</sup>	0.17	-	-
4. Mr. Tiong Kiong King	1,278,643 <sup>(*2)</sup>	0.68	-	-
5. YBhg. Dato' Tiong Ing	1,585,813 <sup>(*3)</sup>	0.84	537,075 <sup>(*4)</sup>	0.29
6. Madam Ngu Ying Ping	-	-	21,000 <sup>(*5)</sup>	0.01

The Directors by virtue of their interests in shares in the Company are also deemed to have interests in shares in all of its related corporations to the extent the Company has an interest, pursuant to Section 6A of the Companies Act, 1965.

Notes :

- (\*1) Shares held through Public Nominees (Tempatan) Sdn. Bhd.
- (\*2) 1,215,973 shares and 51,000 shares were held through AMSEC Nominees (Tempatan) Sdn. Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively
- (\*3) 1,211,233 shares were held through TA Nominees (Tempatan) Sdn. Bhd.
- (\*4) Deemed interested by virtue of her substantial interests in Unique Wood Sdn. Bhd., ETI Blessed Holdings Sdn. Bhd., and the interests of her children in the Company
- (\*5) Deemed interested by virtue of the interest of her spouse in the Company
- # Excluding 20,703,800 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 31 October 2009

## List of Thirty Largest Securities Accounts Holders as at 31 October 2009

Names	No. of ordinary shares of RM1.00 each	Percentage % <sup>#</sup>
1. EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (Upper Lanang)	30,000,000	15.93
2. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (00-33029-004)	20,000,000	10.62
3. Raya Abadi Sdn. Bhd.	16,675,033	8.86
4. Tiong Toh Siong Holdings Sdn. Bhd.	11,950,021	6.35
5. Mayban Nominees (Tempatan) Sdn. Bhd. - DBS Bank for Twintop Sdn. Bhd. (200782)	10,500,000	5.58
6. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Credit Suisse (SG BR-TST-ASING)	10,104,220	5.37
7. Kinta Hijau Sdn. Bhd.	10,037,532	5.33
8. EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Twintop Sdn. Bhd. (Upper Lanang)	10,000,000	5.31
9. Bahagia Abadi Timber Industries Sdn. Bhd.	7,561,032	4.02
10. EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Kinta Hijau Sdn. Bhd. (Upper Lanang)	6,900,000	3.66
11. CitiGroup Nominees (Asing) Sdn. Bhd. - UBS AG Singapore	4,165,500	2.21
12. CitiGroup Nominees (Asing) Sdn. Bhd. - Exempt AN for UBS AG Singapore (Foreign)	3,673,950	1.95
13. Tiong Toh Siong & Sons Sdn. Bhd.	3,507,012	1.86
14. Teck Sing Lik Enterprise Sdn. Bhd.	3,435,727	1.82
15. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for JPMorgan Chase Bank, National Association (JPMINTL BK LTD)	2,967,826	1.58
16. Serrano Group Limited	2,639,490	1.40
17. Citigroup Nominees (Asing) Sdn. Bhd. - UBS AG Singapore for Novel Investment Group Limited	1,574,075	0.84
18. UOBM Nominees (Asing) Sdn. Bhd. - United Overseas Bank Nominees (Pte) Ltd for Max Fortune Resources Inc.	1,449,200	0.77
19. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Thai King	1,357,220	0.72
20. Teck Sing Lik Enterprise Sdn. Bhd.	1,244,250	0.66
21. AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,213,473	0.64
22. TA Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Ing	1,211,233	0.64
23. Nustinas Sdn. Bhd.	1,195,950	0.64
24. Tiong Toh Siong Enterprises Sdn. Bhd.	1,050,000	0.56
25. HLB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Bahagia Abadi Timber Industries Sdn. Bhd. (SBU 4499-3)	1,050,000	0.56
26. Twintop Sdn. Bhd.	1,022,295	0.54
27. Diong Hiew King @ Tiong Hiew King	945,613	0.50
28. Mayban Nominees (Tempatan) Sdn. Bhd. - ETIQA Insurance Berhad (Life Par Fund)	710,535	0.38
29. Mayban Nominees (Tempatan) Sdn. Bhd. - ETIQA Insurance Berhad (General Fund)	682,815	0.36
30. Tiong Chiong Ong	578,610	0.31
<b>Total</b>	<b>169,402,612</b>	<b>89.96</b>

# Excluding 20,695,800 ordinary shares of RM1.00 each bought back by Company and retained as treasury shares based on the Record of Depositors as at 31 October 2009



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# Subur Tiasa Holdings Berhad

(Company No. 341792-W)

(Incorporated in Malaysia)

## FORM OF PROXY

I/We ..... (Name in full) .....  
(IC/Passport/Company No.) of ..... (Address) being a  
member/members of the abovenamed Company hereby appoint ..... (Name in full)  
of ..... (Address) or failing him/her, the  
Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting  
of the Company to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper  
Lanang, C.D.T. 123, 96000 Sibul, Sarawak on Wednesday, 30 December 2009 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.	Declaration of a first and final dividend.		
2.	Approval of the directors' fees for the financial year ended 31 July 2009.		
3.	Re-election of YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh as Director.		
4.	Re-election of Madam Ngu Ying Ping as Director.		
5.	Re-appointment of YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as Director.		
6.	Re-appointment of Messrs. Ernst & Young as auditors.		
7.	<b>Special business</b> <b>Ordinary Resolution No. 1</b> Proposed renewal of authority for purchase of own shares by the Company.		
8.	<b>Ordinary Resolution No. 2</b> Proposed renewal of and new shareholders' mandates for recurrent related party transactions of a revenue or trading nature.		

Shareholding Represented by Proxy

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

.....

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.

**Affix Stamp  
Here**

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



**Subur Tiasa Holdings Berhad** (341792-W)

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

Tel: +6 084 - 211 555 Fax: +6 084 - 211 545

Email: [suburth@tm.net.my](mailto:suburth@tm.net.my)

Website: [www.suburtiasa.com.my](http://www.suburtiasa.com.my)