Corporate Social Responsibility

Since 2001 , Subur Tiasa Holdings Berhad ***("the Group" or "Subur Tiasa")*** has outlined its ***Corporate Mission Statements*** as follows:

- *Create utmost customer satisfaction*
- *Maximize shareholder value*
- *Practice ethical and prudent management*
- *Develop excellent resource management*
- *Produce efficient and happy employees*
- *Care for the environment and communities*

Today, after 11 years into the corporate journey, the Group has in fact kept its initial promise. While dealing with its internal and external stakeholders, the Group is dedicated to living out and upholding at all times the four cornerstones of good corporate governance: fairness, integrity, transparency and accountability. The Group aims to preserve its positive image or reputation for high standards and ethics in all business conduct and transactions.

COMMUNITY

The Group constantly strives to go the extra mile to serve the community in which it operates, so as to contribute to the enrichment of society. It aims to be identified as a caring corporate citizen and an ever-ready provider of support and assistance for welfare and voluntary projects that the surrounding community would benefit from and are appreciative of.

Translating corporate success into benefits for the community is always the Group's intrinsic commitment. Therefore, it takes every opportunity to spread goodwill especially to the indigenous people. It donates, both in the form of cash and in kind, to the locals to build and repair their longhouses, bridges and roads.

The Group is committed to promote literacy among underprivileged children. It is deeply-rooted in the Group's philosophy that education is the key to breaking the bonds of poverty, to earning respect and recognition from the community. Therefore, over the years, it continues to sponsor kindergartens, adopt and contribute funds for construction of schools in rural areas.

Out of concern for the less fortunate, it pledges unstinting support and assistance to activities organized by non-governmental and charitable organizations. During the year, the Group's volunteers participated in Agape Fundraising Fair. More than 350 tantalizing Subur Burgers- "the Burger that makes a difference"- were sold off in just 1½ hours during the event, and

Board Games Competition

Corporate Social Responsibility (contd.)


Subur Retro Nite

the funds were donated to the Agape Centre to support its operation. The Group's volunteers organized several visits to Children's Home and Old Folk's Home to extend their care and concern to the needy ones.

WORKPLACE

The Management of the Group aims to provide a conducive, congenial, comfortable and convenient workplace to its employees as they are the most important resources of the Group. Employees' hard work, creativity, passion and commitment to excellence are what it takes for the Group to grow from strength to strength. Its track record over the past decades demonstrates that the workforce consists of thinkers, problem-solvers and doers, who are capable of coming up with the ideas that make the Group grow and provide the solutions to the challenges thrown its way.

To ensure business sustainability, Subur Tiasa recognizes that it is crucial to develop its talent pool to groom future leaders. Therefore, the Group has launched leadership development programs in order to realize employees' potential. Moreover, there are various initiatives in place covering career development, competitive compensation packages and staff welfare, and targeted training and coaching to attract and retain its employees.

To promote work-life balance, Subur Recreation Club, driven by a group of lively, fun-loving, and energetic employees, has sprung into existence in 2008. The Club organizes various functions and activities, ranging from indoor brain squeeze such as quizzes to outdoor physically-challenging events such as hash runs and tournaments with the aim of bringing together the Group's members through recreational interaction.

To reward the employees for their five years of hard work, dedication and commitment, the Group organized a 5-day outing to Vietnam. With more than 40 employees participating, the trip was in fact a 'break-out-of-my-shell' experience for the majority of them who are first-timers leaving everything on pause and heading to a foreign land. The memorable trip to Vietnam allowed them to embrace the local cultures, accepting the new cuisines, exploring new forms of entertainment, experiencing thrilling adventures, and enjoying the beauty of the nature.

Finally, there are social events. Almost any occasion is reason to celebrate in Subur Tiasa. During festive seasons, celebrations, gatherings, feasts, parties and barbeques are essential to strengthen the bond between employees and their family members. The Group's annual dinner in 2011, themed 'Subur Retro Nite', held under a joyful and fun atmosphere, was a remarkable experience for all employees.


Agape Food Fair


Blood Donation


Company Trip to Hanoi, Vietnam

Group Photo at Halong Bay, Vietnam

ENVIRONMENT

Being mindful to assess and evaluate the various impacts of company's operations and activities on the environment, the Group recognizes that its business successes are closely related to environmental sustainability. Therefore, the Group is devoted to keep its operations as environmentally-friendly as possible.

Several initiatives have been adopted towards this end, beginning with the application of 4Rs as follows:

- Reduced Impact Logging ("RIL") method at logging divisions to reduce the environmental impact and hasten the recovery of forests;
- Replanting of forests at re-forestation divisions to ensure sustainable supply of raw materials;
- Reprocessing of wood waste, slabs and chips from mills to produce particleboard for export; and
- Reuse of the waste products from mills as infeed for Biomass Cogeneration Power Plant to generate electricity.

The Group continuously aims at exploring new technologies, products and solutions that bring greater efficiency to reduce its ecological footprint. The Management has set environmental performance goals throughout the operations, tracked the progress on an ongoing basis and held itself accountable to alleviate the environmental impact of the business.

MARKETPLACE

A strong focus on corporate ethics is essential to doing business responsibly, enhancing investor confidence and ensuring value creation for the Group. The Management aims to inculcate the values of honesty, gratitude and mutual respect in all facets of business and operations.

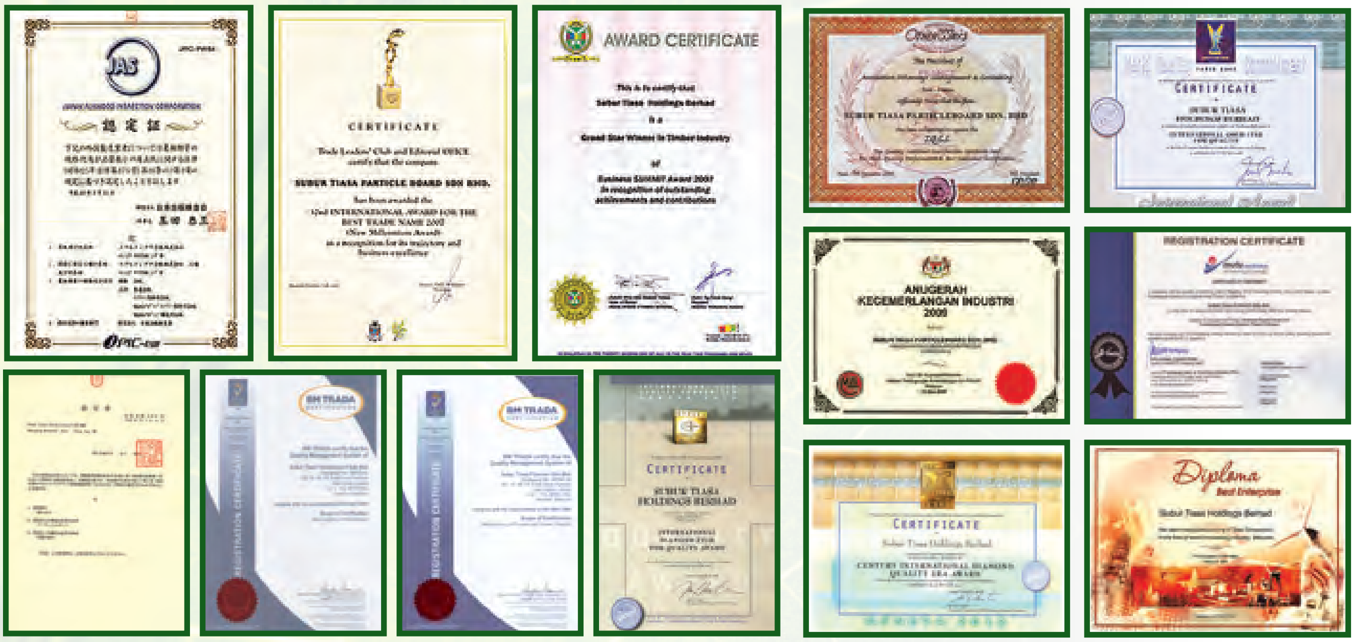
As a licensed manufacturer and global supplier of timber products, Subur Tiasa is committed to the highest standards of business practices towards its customers, suppliers and contractors. Subur Tiasa ensures that it delivers superior quality products to its customers, complies with product safety standards, and conforms to the local and international requirements. It also ensures that all areas of business are operating in a healthy and safe environment for the employees.

The Group has established multiple communication channels and platforms to interact with its stakeholders to address their concerns and resolve their complaints. The Group is dedicated to earning their trust and confidence in products and services delivered, and it is striving to exceed their expectations.

Subur Tiasa's motto which spells out as "Together WE excel!" indicates that in Subur Tiasa, WE have learnt much together, WE look forward to learning even much more, and WE will continue to grow together.

Awards & Recognitions

Our Commitment as a preferred reliable supplier of premium wood based product, well recognised regionally with many accolades won over the years for our quality products



Series of Awards Recognising Quality

SUBUR TIASA HOLDINGS BERHAD
- Diploma Best Enterprise Award 2012
- Century International Diamond Quality Era Award 2012
- 2nd Malaysia Independence Award 2010
- International Diamond Star For Quality Award (Geneva 2010)
- World Quality Commitment (WQC) International Gold Star For Quality Award (Paris 2007)
- Business Summit Award 2007

SUBUR TIASA PLYWOOD SDN. BHD.
- Quality Summit Platinum Award For Excellence & Business Prestige (New York 2009)
- World Quality Commitment (WQC) International Gold Star For Quality Award (Paris 2008)
- Platinum Technology Award For Quality & Best Trade Name (Rome 2008)
- Japanese Agricultural Standards (JAS) Certification
- California Air Resources Board (CARB) Certification
- ISO9001: 2008 Certification

SUBUR TIASA PARTICLEBOARD SDN. BHD.
- Product Excellence Award In Industry Excellence Awards 2009
- The Majestic Five Continents Award For Quality & Excellence (GENEVA 2008)
- Diamond Eye Award 2007 For Quality Commitment & Excellence
- The Top Quality Customer Satisfaction Aptitude Seal For High Quality Performance & Best Customer Satisfaction 2007
- 32nd International Award For The Best Trade Name 2007 (New Millennium Award)
- Japan Ministry Certification
- California Air Resources Board (CARB) Certification
- ISO9001: 2008 Certification

Corporate Governance Statement

The Board of Directors ("Board") 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

Responsibility 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 2012, 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	2 out of 4
3	YBhg. Dato' Tiong Ing	4 out of 4
4	YBhg. Datuk William Lau Kung Hui	4 out of 4
5	YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh	4 out of 4
6	Madam Ngu Ying Ping	4 out of 4

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.

Board Composition, Size and 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 5 to 7 of this annual report.

Corporate Governance Statement (contd.)

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority, 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 conveyed 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.

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. 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 2012 were as follows:

Title of training/seminar	Attended by	Mode of training	Date
Articulating Corporate Health Check For Sustainable Business Performance	YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh Mr. Tiong Kiong King	External speaker	28 September 2011
Seminar Percukaian Kebangsaan 2011	Madam Ngu Ying Ping	External speaker	24 October 2011
Transactions By Directors & Practical Issues And Solutions	YBhg. Dato' Tiong Ing	External speaker	26 October 2011
PEAKS : Developing Leaders 2012 For Business Success Course	YBhg. Dato' Tiong Ing	External speaker	30 & 31 January 2012
Boardroom Training	YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggoh Koh	External speaker	30 May 2012
Positioning And Implementing Overseas Investment Strategies	All Directors	External speaker	21 June 2012
National Tax Conference 2012	Madam Ngu Ying Ping	External speaker	17 & 18 July 2012

The Directors are regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements governing the Directors and the Group.

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 aforesaid, 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 of or over the age of seventy (70) years shall be re-appointed at every AGM to hold office until the next AGM.

BOARD COMMITTEES

All Board Committees do not have executive powers but have authority to examine issues at hand and report back to the Board by the respective Committee's Chairman on all matters considered and their recommendations thereon. Such reports are recorded in the minutes of the Board Meetings.

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

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

Corporate Governance Statement (contd.)

a) 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
Member:	YBhg. Datuk William Lau Kung Hui	Independent Director
Member:	Mr. Tiong Kiong King	Non-Independent Non-Executive Director
Member:	Madam Ngu Ying Ping	Independent Director

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.

All assessments and evaluations carried out by the Nomination Committee are properly documented. 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.

The Nomination Committee met once during the financial year ended 31 July 2012.

b) 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
Member:	YBhg. Datuk William Lau Kung Hui	Independent Director
Member:	Mr. Tiong Kiong King	Non-Independent Non-Executive Director
Member:	Madam Ngu Ying Ping	Independent Director

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 met once during the financial year ended 31 July 2012.

c) **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.

DIRECTORS' REMUNERATION

Each individual Director abstains from the Board discussion and decision making on his/her own remuneration. Details of the remuneration of the Directors for the financial year ended 31 July 2012 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	299,000	68,000
Salary	-	1,410,000
Bonus	-	652,500
Allowance	240,000	1,550,000
EPF	-	433,500
Total	539,000	4,114,000

Remuneration	Non- Executive Director	Executive Director
RM1– RM50,000	2	-
RM50,001 – RM100,000	2	-
RM300,001 – RM350,000	1	-
RM4,100,001– RM4,150,000	-	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 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. The website provides up-to-date corporate details, overview of business activities and operations, Company's performance and position, annual reports, and all announcements made. This ensures that no selective dissemination of information 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 under review 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 during the meeting.

Notice of Annual General Meeting is issued and served to all shareholders at least 21 days prior to the Annual General Meeting in accordance with the provisions of the Company's Articles of Associations.

Each item of special business included in the notice of the Annual General 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 at the Annual General Meeting for each separate issues.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors realises 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 31 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 25 to 26 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 27 to 30 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 Sixteenth Annual General Meeting of the Company held on 21 December 2011, 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 2012, a total of 39,000 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 2012 is as follows:

Month	No. of Shares Purchased	Total Consideration RM	Purchase Price Per Share		
			Lowest RM	Highest RM	Average RM
August 2011	5,000	11,937	2.29	2.43	2.37
September 2011	30,800	62,388	1.95	2.12	2.01
October 2011	100	261	2.20	2.20	2.20
April 2012	100	302	2.61	2.61	2.61
May 2012	3,000	7,555	2.50	2.50	2.50
Total	**39,000**	**82,443**	**1.95**	**2.61**	**2.10**

As at 31 July 2012, a total of 20,869,400 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 ended 31 July 2012.

NON-AUDIT FEES

The non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 July 2012 by the Company's external auditors, Messrs Ernst & Young ("EY"), and a firm or corporation affiliated to EY were amounted to RM68,700.

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 2012 or entered into since the end of the previous financial year.

DISCLOSURE OF REALISED AND UNREALISED RETAINED EARNINGS

The breakdown of the realised and unrealised retained earnings as at 31 July 2012 are disclosed and outlined on page 108 of this annual report.

Additional Compliance Information (contd.)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

The significant RRPT entered into during the financial year under review are disclosed in Note 31 to the Financial Statements. A breakdown of the aggregate value of the RRPT conducted pursuant to the shareholder 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 2012 (RM)
Logging contract fee income	Ocean Shores Development Sdn Bhd	A	3,144,554
	Saforin Sdn Bhd	A	11,753,253
	Supreme Timber Products Sdn Bhd	A	1,976,617
		Total	**16,874,424**
Logging contract fee paid / payable	Millennium Midland Sdn Bhd	A	18,809,109
	Pertumbuhan Kekal Sdn Bhd	A	62,393,194
	Hubwood Sdn Bhd	C	12,363,846
	Timbergrow Sdn Bhd	C	5,995,586
		Total	**99,561,735**
Sales of fresh fruit bunch	RH Selangau Palm Oil Mill Sdn Bhd	A	608,650
Sale of logs	Unique Wood Sdn Bhd	B	1,987,741
Purchase of logs	Lukutan Enterprises Sdn Bhd	A	6,648,586
	Rejang Height Sdn Bhd	A	31,542,851
	Supreme Timber Products Sdn Bhd	A	2,430,240
		Total	**40,621,677**
Contract fee income for logging / reforestation	Rejang Height Sdn Bhd	A	30,235,344
Sale of sawn timber	Unique Wood Sdn Bhd	B	7,371,842
Towage and handling income	Jaya Tiasa Group#	A	1,373,085
Freight and handling charges paid/payable	Jaya Tiasa Group#	A	579,255
Helicopter charter charges paid/payable	Jaya Tiasa Group#	A	388,960
Purchase of adhesive materials	Petanak Enterprises Sdn Bhd	A	37,827,085
Purchase of electricity	Jaya Tiasa Group#	A	164,350
Purchase of Machinery and equipment	Tiong Toh Siong & Sons Sdn Bhd	A	1,830,000
Purchase of spare parts and equipment for operation use	Rimbunan Hijau General Trading Sdn Bhd	A	1,897,942
Purchase of veneer	Jaya Tiasa Group#	A	16,138,609
Purchase of waste timber	Unique Wood Sdn Bhd	B	96,569

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 These are companies in which Datuk Tiong Thai King, a director of Sarawak Plywood (M) Sdn. Bhd., has interest, both direct and/or indirect interest.

Statement On Internal Control

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Bursa Malaysia Securities Listing Requirements require directors of listed companies to include a statement in the annual reports on the state of their internal controls. Bursa Malaysia Securities Berhad's Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Guidance') provides guidance for compliance with these requirements. The Board of Directors of Subur Tiasa Holdings Berhad is pleased to present this Statement on Internal Control, which has been prepared in accordance with the Guidance.

Responsibilities

The Board acknowledges its responsibilities for the Group's system of internal controls and risk management practices covering all aspects of the Group's operations. The Board also recognises its responsibility for reviewing the adequacy and integrity of those systems frequently. 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 Group established the Risk Management Committee in order to ensure rapid and rational decision-making in regard to various types of potential risks defined and encountered in corporate activities, and to prevent or minimize the impact of these risks on its business and on society.

The Risk Management Committee is chaired by the Managing Director of the Group and assisted by its members which comprises all the senior management staff for various functions of the Group. The Risk Management Committee oversees the risk management systems to effectively and swiftly deal with risks associated with the Group's business strategies and adhered by all business unit heads.

Managing risk is necessary for the Group to be able to fulfill its strategies and achieve its corporate objectives. Enterprise Risk Management (ERM) is an integral part of the Groups' operations, and risk awareness is a part of the company culture.

The cornerstones of ERM are the Group policies and guidelines that establish the framework for all policies and compliance monitoring in the Group.

Group's Risk Management framework provides a robust structure for the identification and management of risks from the Board to business unit level.

The Group Risk Management's main activities are to:

- Identify risks that may affect the achievement of its business objectives
- Evaluate and approach risk in a consistent way throughout the Group
- Implement appropriate control processes
- Optimize risk-taking and risk transfer activities

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 to provide continuous independent assurance of the operations and validity of the internal control system.
- Monthly management meeting participated by the key personnel of functional departments and business units that provides updated information and performance of all the operations. Prompt appropriate controls with regards to cost/benefit, materiality and likelihood of the crystallisation of risks are made possible.
- Continuing education, training and development through in-house training and external courses or seminars that emphasize on enhancing the quality and capabilities of the Group's employees.
- Process governing appraisal and approval of capital/investment expenditure and asset disposal.
- Regular meetings held at operational and management levels to identify and resolve business as well as operational issues.
- Regular visits to operating units by senior management.
- Constant monitoring of budgets, containing financial and operating targets and performance indicators, which were approved by the Board, with major variances being accounted for and management actions being taken, if necessary.
- Reporting of significant weaknesses, if any, identified by Internal Audit Department during the reviews and recommendation of appropriate measures for implementation by management to ratify those weaknesses found.
- Conducting follow-up audits and ad-hoc audits by Internal Audit Department, which ensure proper and approved remedy actions, have been implemented.
- "Internal Audit Review" assessed by Audit Committee on yearly basic to evaluate the performance of internal auditor.

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.

Audit Committee Report

The Board of Directors ("Board") of Subur Tiasa Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 July 2012.

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 2012, four (4) meetings were held. The details of attendance of each of them are outlined as follows:

NAME	DESIGNATION	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	4
Madam Ngu Ying Ping	Member (Independent Director)	4	4

Details of training attended by members of the Audit Committee are disclosed in the Corporate Governance Statement set out on page 19 of this annual report.

The 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.

SUMMARY OF TERMS OF REFERENCE

1. Membership

1.1 The members of the AC shall be appointed by the Board of STHB from among their members based on the recommendations of the Board's Nomination Committee and shall consist of not less than three (3) 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 (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

1.2 No alternate directors shall be appointed to the AC.

1.3 At least one (1) 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 (3) 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.

1.4 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 at least once every three (3) years.

1.5 Chairman of the AC must be elected from among their independent directors as according to Paragraph 15.10 of the Listing Requirements.

2. Authority

The AC, for the performance of its duties, shall in accordance with the same procedures adopted by the Board and at the cost of the Group:

(a) Have authority to investigate any activity within its Terms of Reference;
(b) Have the resources which are required to perform its duties;
(c) Have full and unrestricted access to any employee and information pertaining to the Group. All documents of the Group shall be made accessible to the AC;
(d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity for the Group;
(e) Have authority to direct the Internal Audit Function (both corporate and subsidiaries where applicable) in its activities, including approval of appointments of senior executives and budgets in this function; 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 is necessary.

3. Functions and Duties

The AC shall carry out the following responsibilities:

3.1 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.

3.2 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.

3.3 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.

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

3.5 Review any resignation letter from the external auditors of the Company.

3.6 Recommend the appointment or re-appointment of the external auditors.

3.7 Approve the charters of Internal Audit Function in the Group and ensure that the Internal Audit Function is 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 function.

3.8 Review the audit plans with the internal auditors, adequacy of the scope, functions, competency and resources of the internal audit function and whether it has the necessary authority to carry out its works.
3.9 Review internal audit reports, consider any significant findings and management's response and ensure appropriate actions are taken.
3.10 Review and approve the performance and appointment of the Head of Internal Audit.
3.11 Review appraisals or assessments of senior staff members of the internal audit function.
3.12 Direct any special investigations to be carried out by internal auditors.
3.13 Review related party transactions entered into by the Group and any conflict of interest situation that may arise.
3.14 Consider other topics as defined by the Board.

4. Meetings

4.1 The AC shall hold at least four (4) meetings during a financial year.
4.2 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.
4.3 Meetings shall be attended by members of the AC and the Company Secretary(ies).
4.4 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.
4.5 At least once a year, the AC shall meet with the external auditors, excluding the attendance of other directors and employees, whenever deemed necessary.
4.6 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 2012 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 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 for consideration and approval; and
h) Review the adequacy of the scope, functions, competency and resources of the Internal Audit function.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house by the Internal Audit Department. 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.

Audit Committee Report (contd.)

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 costs incurred for the internal audit function in respect of the financial year was RM530,483. The summary of activities being carried out by the Internal Audit Department during the financial year under review 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.

Statement of Directors' Resposibility
In respect of the financial statements

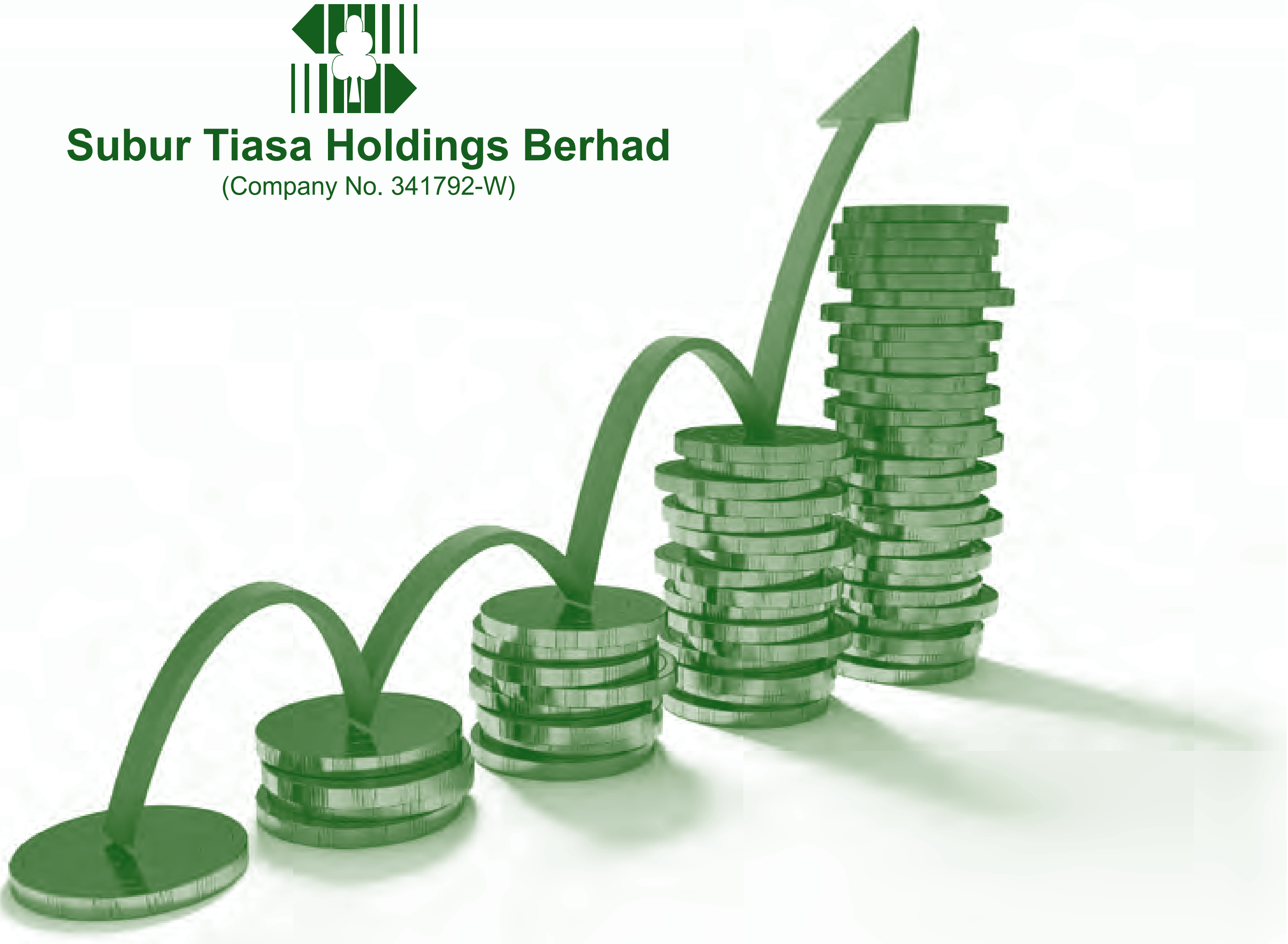
The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the affairs of the Group and the Company at the end of the financial year, the results and cash flows of the Group and the Company for the financial year.

In preparing those statements, the Directors have:

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

The Directors hereby confirm that suitable accounting policies have been consistently applied in respect of the preparation of the financial statements and that the 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.

Subur Tiasa Holdings Berhad
(Company No. 341792-W)



FINANCIAL STATEMENTS

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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 2012.

Principal Activities

The principal activities of the Company are investment holding, extraction and sale of logs, manufacturing and sale of sawn timber. The Company has temporarily ceased its operation on manufacturing and sale of sawn timber in prior year. The principal activities of the subsidiaries are set out in Note 16 of 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 net of tax, attributable to owners of the Company	34,340,510	7,329,461
	=========	========

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

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 paid by the Company since 31 July 2011 were as follows:

	RM
In respect of the financial year ended 31 July 2011 as reported in the directors' report of that year:	
First and final dividend of 5% per share, less 25% taxation on 188,133,700 ordinary shares, declared on 14 November 2011 and paid on 13 March 2012	7,055,005
	========

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 July 2012, of 5% less 25% taxation (3.75 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 2012.

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

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 8 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 31(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			
	1.8.2011	**Bought**	**Sold**	**31.7.2012**
Direct Interest:				
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	-	242,200	70,595
YBhg. Dato' Tiong Ing	1,605,113	127,400	-	1,732,513
Tiong Kiong King	1,282,643	-	-	1,282,643
Indirect Interest:				
YBhg. Dato' Tiong Ing	364,075	94,400	-	458,475
Ngu Ying Ping	21,000	-	-	21,000

Treasury Shares

During the financial year, the Company repurchased 39,000 of its issued ordinary shares from the open market at an average price of RM2.10 per share. The total consideration paid for the repurchase including transaction costs was RM82,443. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 July 2012, the Company held as treasury shares a total of 20,869,400 of its 209,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM55,144,228 and further relevant details are disclosed in Note 27 to the financial statements.

Other Statutory Information

(a) Before the statements of comprehensive income and statements of financial position 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 all known bad debts had been written off 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) the amount written off for 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.

Directors' Report (contd.)

Other Statutory Information (contd.)

(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.

(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

Details of subsequent events are disclosed in Note 37 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 14 November 2012.

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 39 to 107 are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards 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 2012 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 38 to the financial statements have been presented in accordance with directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 November 2012.

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 39 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 14 November 2012

Ling Chieh Min

Before me,

Belinda Hii Tai King
Commissioner for Oaths (Q 64)
Sibu, Sarawak
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 statements of financial position as at 31 July 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow 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 39 to 107.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of the financial statements that give a true and fair view 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 2012 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

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 financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, which is indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(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.

Independent Auditors' Report
to the Members of Subur Tiasa Holdings Berhad (Incorporated in Malaysia) (contd.)

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.

The supplementary information set out in Note 38 on page 108 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHIN MUI KHIONG PETER
No. 1881/03/14 (J)
Chartered Accountant

Kuching, Malaysia
Date: 14 November 2012

Statements of Comprehensive Income

For the financial year ended 31 July 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	4	665,844,482	627,844,256	396,936,354	358,719,652
Cost of sales		(517,355,406)	(484,476,828)	(296,498,111)	(235,578,511)
Gross Profit		148,489,076	143,367,428	100,438,243	123,141,141
Other item of income					
Other income		16,161,822	13,275,596	12,973,750	15,675,424
Other items of expense					
Administrative expenses		(42,148,070)	(42,782,191)	(60,643,025)	(48,742,797)
Selling and distribution expenses		(60,463,620)	(50,101,156)	(29,642,931)	(24,842,035)
Other expenses		(10,144,490)	(11,282,554)	(6,898,131)	(10,150,065)
Finance cost	5	(4,749,689)	(4,340,085)	(1,368,362)	(1,212,754)
Profit before tax	6	47,145,029	48,137,038	14,859,544	53,868,914
Income tax expense	9	(12,804,519)	(13,712,060)	(7,530,083)	(13,293,560)
Profit net of tax attributable to owners of the Company		34,340,510	34,424,978	7,329,461	40,575,354
Other comprehensive income, net of tax					
Fair value changes on available-for-sale financial assets	29	(6,083)	-	(6,083)	-
Total comprehensive income for the year attributable to owners of the Company		34,334,427	34,424,978	7,323,378	40,575,354
Earnings per share attributable to owners of the Company (sen per share)					
Basic	10	18.3	18.3		
Diluted	10	N/A	N/A		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
As at 31 July 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	397,002,752	401,306,405	159,773,704	151,900,918
Prepaid land lease payments	13	35,020,833	36,106,245	2,000,403	2,052,587
Biological assets	14	108,404,427	97,394,894	-	-
Investment properties	15	20,939,911	15,875,866	-	-
Investment in subsidiaries	16	-	-	278,029,570	284,138,566
Investment securities	17	500,094	-	500,094	-
Intangible assets	18	40,305,115	50,576,943	22,993,770	29,891,900
Long term receivable	19	10,185,342	11,272,948	10,185,342	11,272,948
Deferred tax assets	30	11,204,000	11,338,000	-	-
		623,562,474	623,871,301	473,482,883	479,256,919
Current Assets					
Inventories	20	180,120,107	145,047,769	29,239,064	17,710,936
Trade and other receivables	21	77,373,756	48,388,272	134,770,430	119,995,209
Derivative financial instruments	22	-	601,972	-	525,085
Other current assets	23	4,712,065	4,575,366	148,306	168,752
Cash and bank balances	24	58,605,084	89,732,653	17,971,333	29,996,381
		320,811,012	288,346,032	182,129,133	168,396,363
TOTAL ASSETS		944,373,486	912,217,333	655,612,016	647,653,282
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	27	209,000,000	209,000,000	209,000,000	209,000,000
Share premium	27	59,679,744	59,679,744	59,679,744	59,679,744
Treasury shares	27	(55,144,228)	(55,061,785)	(55,144,228)	(55,061,785)
Retained earnings	28	442,165,082	414,879,577	324,532,041	324,257,585
Available-for-sale reserve	29	(6,083)	-	(6,083)	-
Total Equity		655,694,515	628,497,536	538,061,474	537,875,544

Statements of Financial Position
As at 31 July 2012 (contd.)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
LIABILITIES					
Non-Current Liabilities					
Loans and borrowings	25	107,846,090	98,593,407	20,772,823	17,143,328
Deferred tax liabilities	30	25,859,795	26,795,890	5,647,000	7,195,000
		133,705,885	125,389,297	26,419,823	24,338,328
Current Liabilities					
Loans and borrowings	25	29,950,697	41,988,917	11,704,073	17,008,714
Trade and other payables	26	122,948,509	113,723,247	77,542,562	66,540,196
Income tax payable		2,073,880	2,618,336	1,884,084	1,890,500
		154,973,086	158,330,500	91,130,719	85,439,410
Total Liabilities		288,678,971	283,719,797	117,550,542	109,777,738
TOTAL EQUITY AND LIABILITIES		944,373,486	912,217,333	655,612,016	647,653,282

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
For the financial year ended 31 July 2012

		Equity attributable to owners of the Company					
		Non-distributable				Distributable	
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Available-for-sale reserve RM	Retained Earnings RM	Total RM
Opening balance at 1 August 2011		209,000,000	59,679,744	(55,061,785)	-	414,879,577	628,497,536
Total comprehensive income for the year		-	-	-	(6,083)	34,340,510	34,334,427
Dividends on ordinary shares	11	-	-	-	-	(7,055,005)	(7,055,005)
Purchase of treasury shares		-	-	(82,443)	-	-	(82,443)
Closing balance at 31 July 2012		209,000,000	59,679,744	(55,144,228)	(6,083)	442,165,082	655,694,515
Opening balance at 1 August 2010		209,000,000	59,679,744	(54,988,162)	-	386,100,137	599,791,719
Total comprehensive income for the year		-	-	-	-	34,424,978	34,424,978
Dividends on ordinary shares	11	-	-	-	-	(5,645,538)	(5,645,538)
Purchase of treasury shares		-	-	(73,623)	-	-	(73,623)
Closing balance at 31 July 2011		209,000,000	59,679,744	(55,061,785)	-	414,879,577	628,497,536

Company Statement of Changes in Equity
For the financial year ended 31 July 2012

	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Available-for-sale reserve RM	Retained Earnings RM	Total RM
		Equity attributable to owners of the Company					
		Non-distributable				Distributable	
Opening balance at 1 August 2011		209,000,000	59,679,744	(55,061,785)	-	324,257,585	537,875,544
Total comprehensive income for the year		-	-	-	(6,083)	7,329,461	7,323,378
Dividends on ordinary shares	11	-	-	-	-	(7,055,005)	(7,055,005)
Purchase of treasury shares		-	-	(82,443)	-	-	(82,443)
Closing balance at 31 July 2012		209,000,000	59,679,744	(55,144,228)	(6,083)	324,532,041	538,061,474
Opening balance at 1 August 2010		209,000,000	59,679,744	(54,988,162)	-	289,327,769	503,019,351
Total comprehensive income for the year		-	-	-	-	40,575,354	40,575,354
Dividends on ordinary shares	11	-	-	-	-	(5,645,538)	(5,645,538)
Purchase of treasury shares		-	-	(73,623)	-	-	(73,623)
Closing balance at 31 July 2011		209,000,000	59,679,744	(55,061,785)	-	324,257,585	537,875,544

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows
For the financial year ended 31 July 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Operating activities					
Profit before tax		47,145,029	48,137,038	14,859,544	53,868,914
Adjustments for:					
Accretion of interest on long term receivable	6	(778,404)	(799,260)	(778,404)	(799,260)
Amortisation of biological assets	6	2,967,216	2,367,533	-	-
Amortisation of intangible assets	6	10,271,828	11,664,590	6,898,130	8,035,656
Amortisation of prepaid land lease payments	6	1,085,259	1,085,490	52,184	52,185
Bad debts written off	6	3,912	-	-	-
Depreciation of property, plant and equipment	6	53,678,443	51,462,778	27,141,940	25,194,329
Depreciation of investment properties	6	478,013	858,270	-	-
Fair value gain on derivative financial instruments	6	(1,513,969)	(601,972)	(1,087,154)	(525,085)
Gain on disposal of property, plant and equipment	6	(810,773)	(652,307)	(411,690)	(563,904)
Impairment of property, plant and equipment	6	829,718	2,791,301	829,718	1,497,790
Impairment of investment in subsidiaries	6	-	-	6,109,000	13,242,000
Impairment loss on financial assets					
- long term receivable	6	-	573,821	-	573,821
- trade receivables	6	-	3,869	-	-
- other receivables	6	79,672	161,207	11,587,962	2,275,617
Inventory written down	6	770,228	245,592	-	-
Property, plant and equipment written off	6	337,272	135,540	275	4,366
Reversal of impairment loss on financial assets					
- other receivables	6	-	-	-	(5,192,719)
Unrealised foreign exchange (gain)/loss	6	(23,456)	(458,480)	61,529	(369,201)
Interest expense	5	4,749,689	4,340,085	1,368,362	1,212,754
Interest income	6	(1,360,223)	(1,335,538)	(3,047,134)	(2,249,252)
Operating cash flows before changes in working capital		117,909,454	119,979,557	63,584,262	96,258,011
Changes in working capital:					
(Increase)/decrease in inventories		(35,842,566)	8,618,192	(11,528,128)	4,262,774
(Increase)/decrease in trade and other receivables		(25,062,748)	4,483,563	(20,438,515)	(34,480,616)
Decrease/(increase) in other current assets		214,906	(128,970)	20,446	92,360
Increase/(decrease) in trade and other payables		10,123,602	(8,450,727)	11,002,366	(8,845,805)
Cash flows from operations		67,342,648	124,501,615	42,640,431	57,286,724
Interest paid		(6,450,654)	(2,861,019)	(1,368,362)	(1,212,754)
Taxes paid, net of refund		(14,502,676)	(12,821,641)	(9,084,499)	(9,624,689)
Net cash flows from operating activities		46,389,318	108,818,955	32,187,570	46,449,281

Statements of Cash Flows
For the financial year ended 31 July 2012 (contd.)

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
Investing activities					
Purchase of treasury shares	27	(82,443)	(73,623)	(82,443)	(73,623)
Purchase of investment properties	15	(5,537,958)	-	-	-
Additions of biological assets		(12,256,257)	(14,173,121)	-	-
Addition of investment in subsidiaries		-	-	(4)	(6,100,194)
Purchase of property, plant and equipment		(35,080,929)	(31,044,353)	(18,680,415)	(6,035,656)
Proceeds from disposal of property, plant and equipment		2,572,636	2,086,231	1,015,186	4,065,764
Interest received		1,360,223	1,335,538	539,186	380,260
Purchase of investment securities		(506,177)	-	(506,177)	-
Net cash flows used in investing activities		(49,530,905)	(41,869,328)	(17,714,667)	(7,763,449)
Financing activities					
Repayment of revolving credit		(9,000,000)	(1,000,000)	-	-
Repayment of bankers' acceptances		-	(15,558,000)	-	-
Proceeds from drawdown of term loan		18,050,000	22,084,353	-	-
Repayment of hire purchase liabilities		(15,120,146)	(17,452,682)	(14,433,976)	(7,822,518)
Repayment of term loan		(14,860,831)	(9,734,646)	(5,008,970)	(5,008,970)
Dividends paid		(7,055,005)	(5,645,538)	(7,055,005)	(5,645,538)
Net cash flows used in financing activities		(27,985,982)	(27,306,513)	(26,497,951)	(18,477,026)
Net (decrease)/increase in cash and cash equivalents		(31,127,569)	39,643,114	(12,025,048)	20,208,806
Cash and cash equivalents at 1 August		89,732,653	50,089,539	29,996,381	9,787,575
Cash and cash equivalents at 31 July		58,605,084	89,732,653	17,971,333	29,996,381
		=========	========	=========	========

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
For the financial year ended 31 July 2012

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 Company has temporarily ceased its operation on manufacturing and sale of sawn timber in prior year. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 November 2012.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 August 2011 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 August 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 August 2011.

Description	**Effective for annual periods beginning on or after**
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1 Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19 Extinguishing Financial Liabilities With Equity Instruments	1 July 2011

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company.

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7 Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 1 Government Loans	1 January 2013
Amendments to FRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Improvements to FRSs issued in 2012	1 January 2013
Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

<u>Amendments to FRS 101 Presentation of Items of Other Comprehensive Income</u>

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

<u>FRS 9 Financial Instruments</u>

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

FRS 10 Consolidated financial statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-controlled Entities - Non-monetary Contributions by Venturers.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

Amendments to FRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

2. Summary of significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 July 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has established a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ending 31 July 2014 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 July 2015.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments-related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquire are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate shares of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identified assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.10. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (contd.)

2.4 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.

2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Foreign currency

(a) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

2. Summary of significant accounting policies (contd.)

2.6 Foreign currency (contd.)

(c) Foreign operations (contd.)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Biological assets

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 biological assets 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 statement of comprehensive income.

Replanting expenditure is also capitalised as biological assets and amortised on the same basis.

2. Summary of significant accounting policies (contd.)

2.9 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, including transaction costs. 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 statement of comprehensive income during the financial period in which they are incurred.

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 of disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit and loss.

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated 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 are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.10 Intangible assets (contd.)

(b) Other intangible assets (contd.)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(c) 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.

(d) 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.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Summary of significant accounting policies (contd.)

2.12 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (contd.)

2.13 Financial assets (contd.)

(c) Held-to-maturity investments (contd.)

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.14 Impairment of financial assets (contd.)

(a) Trade and other receivables and other financial assets carried at amortised cost (contd.)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and general stores: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (contd.)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.19 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees is minimal.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Termination benefit

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.

2. Summary of significant accounting policies (contd.)

2.22 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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.

(b) Revenue from supply of electricity

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

(c) 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.

(d) Dividend income

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

2. Summary of significant accounting policies (contd.)

2.23 Revenue (contd.)

(e) Revenue from towage and transportation

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

2.24 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2. Summary of significant accounting policies (contd.)

2.24 Income taxes (contd.)

(b) Deferred tax (contd.)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.27 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue 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.

2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.29 Prepaid land lease payments

Prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payments are amortised over their lease terms.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

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

(a) Deferred tax assets

Deferred tax assets are recognised for all unutilised investment tax allowances ("ITA") to the extent that it is probable that taxable profit will be available against which the 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 ITA of the Group was RM45,036,000 (2011: RM45,836,000).

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 21.

4. Revenue

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Sale of logs	212,292,890	189,622,917	380,341,800	312,203,134
Sale of plywood	262,372,147	220,851,570	-	-
Sale of raw and laminated particleboard	56,238,272	64,435,758	-	-
Sale of sawn timber, finger joint moulding and by-products	44,524,617	72,267,238	-	10,739,651
Contract fee from timber extraction and reforestation	44,709,768	51,670,048	3,144,554	2,270,272
Dividend income	-	-	13,450,000	33,506,595
Sales of fresh fruit bunch	40,401,750	27,054,251	-	-
Others	5,305,038	1,942,474	-	-
	665,844,482	627,844,256	396,936,354	358,719,652

5. Finance Cost

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interest expense on:				
Bank borrowings	5,096,172	4,806,717	108,368	229,204
Hire purchase liabilities	1,354,482	1,000,522	1,259,994	983,550
	6,450,654	5,807,239	1,368,362	1,212,754
Less: Interest capitalised in biological assets (Note 14)	(801,713)	(462,713)	-	-
Power plant-in-progress (Note 12(e))	(899,252)	(1,004,441)	-	-
Net interest expense	4,749,689	4,340,085	1,368,362	1,212,754

6. Profit before tax

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Employee benefits expense (Note 7)	64,798,484	59,566,181	22,219,497	23,029,220
Non-executive directors' remuneration (Note 8)				
- fees	306,000	351,000	280,000	230,000
- other emoluments	240,000	336,000	240,000	240,000
Auditors' remuneration				
- current year	180,600	180,400	47,000	44,000
- (over)/under provided in prior year	(2,800)	7,750	-	10,000
- other services	16,000	8,000	16,000	8,000
Amortisation of biological assets (Note 14)	2,967,216	2,367,533	-	-
Amortisation of intangible assets (Note 18)	10,271,828	11,664,590	6,898,130	8,035,656
Amortisation of prepaid land lease payments (Note 13)	1,085,259	1,085,490	52,184	52,185
Accretion of interest on long term receivable (Note 19)	(778,404)	(799,260)	(778,404)	(799,260)
Bad debts written off	3,912	-	-	-
Fair value gain on derivative financial instrument	(1,513,969)	(601,972)	(1,087,154)	(525,085)
Impairment loss on financial assets				
- long term receivable (Note 19)	-	573,821	-	573,821
- trade receivables (Note 21)	-	3,869	-	-
- other receivables (Note 21)	79,672	161,207	11,587,962	2,275,617
Depreciation of property, plant and equipment (Note 12)	53,678,443	51,462,778	27,141,940	25,194,329
Depreciation of investment properties (Note 15)	478,013	858,270	-	-
Property, plant and equipment written off	337,272	135,540	275	4,366
Rental of - buildings	97,250	105,155	31,500	37,800
- land	338,650	488,870	208,450	213,770
- equipment and vehicles	78,229	112,611	54,260	83,118

6. Profit before tax (contd.)

The following amounts have been included in arriving at profit before tax (contd.):

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Impairment of property, plant and equipment (Note 12)	829,718	2,791,301	829,718	1,497,790
Impairment of investment in subsidiary	-	-	6,109,000	13,242,000
Unrealised foreign exchange loss/(gain)	(23,456)	(458,480)	61,529	(369,201)
Inventory write down	770,228	245,592	-	-
Interest income	(1,360,223)	(1,335,538)	(3,047,134)	(2,249,252)
Net realised foreign exchange gain	(5,931,961)	(5,935,188)	(1,455,546)	(2,039,876)
Gain on disposal of property, plant and equipment	(810,773)	(652,307)	(411,690)	(563,904)
Rental income	(3,229,200)	(454,300)	(3,163,200)	(235,200)
Reversal of impairment loss on other receivables (Note 21)	-	-	-	(5,192,719)

7. Employee benefits expense

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Wages, salaries and bonus	49,014,173	45,072,471	19,727,875	20,405,784
Contribution to defined contribution plan	4,233,017	4,023,352	2,157,840	2,117,128
Other benefits	11,423,003	9,696,318	333,782	506,308
Termination benefits	128,291	774,040	-	-
	64,798,484	59,566,181	22,219,497	23,029,220

Included in employee benefits expense of the Group and of the Company is an executive director's remuneration amounting to RM4,114,000 (2011: RM3,549,000) and RM4,096,000 (2011: RM3,484,000) respectively as further disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Director of the Company:				
Executive (Note 7)				
Fees	68,000	81,000	50,000	40,000
Salaries, bonus and other emoluments	3,612,500	3,099,000	3,612,500	3,075,000
Contribution to defined contribution plan	433,500	369,000	433,500	369,000
Total executive director's remuneration	4,114,000	3,549,000	4,096,000	3,484,000
Non-executive (Note 6)				
Fees	299,000	272,000	280,000	230,000
Other emoluments	240,000	264,000	240,000	240,000
Total non-executive directors' remuneration	539,000	536,000	520,000	470,000

8. Directors' remuneration (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors of subsidiaries:				
Non-executive (Note 6)				
Fees	7,000	79,000	-	-
Other remuneration	-	72,000	-	-
Total non-executive directors' remuneration	7,000	151,000	-	-
Total directors' remuneration (Note 31)	4,660,000	4,236,000	4,616,000	3,954,000

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	
	2012	2011
Executive director:		
RM3,500,001 - RM3,550,000	-	1
RM4,100,001 - RM4,150,000	1	-
Non-executive directors:		
RM1 - RM50,000	2	2
RM50,001 - RM100,000	2	2
RM300,001 - RM350,000	1	1

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 July 2012 and 2011 are:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Statement of comprehensive income:				
Current income tax:				
- Current income tax	12,571,478	12,519,523	8,017,000	11,153,000
- Under provision in respect of previous years	1,035,136	1,533,341	1,061,083	1,660,899
	13,606,614	14,052,864	9,078,083	12,813,899

9. Income tax expense (contd.)

Major components of income tax expense(contd.)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Statement of comprehensive income:				
Deferred tax (Note 30):				
- Origination and reversal of temporary differences	1,174,197	2,023,631	(358,000)	(101,030)
- (Over)/under provision in respect in previous years	(1,976,292)	(2,364,435)	(1,190,000)	580,691
	(802,095)	(340,804)	(1,548,000)	479,661
Income tax expense recognised in profit or loss	12,804,519	13,712,060	7,530,083	13,293,560

Income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year:

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 July 2012 and 2011 are as follows:

	Group	
	2012	**2011**
	%	%
Statutory tax rate	25	25
Non-deductible expenses	8	8
Effect of expenses eligible for double deduction	(6)	(7)
Effect of utilisation of previously unrecognised unabsorbed capital allowances and business losses	(1)	-
Group relief from transfer of losses from subsidiaries	-	(1)
Under provision of tax expense in respect of previous years	2	3
Over provision of deferred tax in respect of previous years	(4)	(5)
Deferred tax not recognised on unabsorbed tax losses and unutilised capital allowances	3	5
Average effective tax rate	27	28

	Company	
	2012	**2011**
	%	%
Statutory tax rate	25	25
Income not subject to taxation	(23)	(15)
Non-deductible expenses	50	13
Group relief from transfer of losses from subsidiaries	-	(2)
(Over)/under provision of deferred tax in respect of previous years	(8)	1
Under provision of tax expense in respect of previous years	7	3
Average effective tax rate	51	25

10. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 July:

	Group	
	2012	**2011**
Profit net for tax attributable to owners of the Company (RM)	34,340,510	34,424,978
Weighted average number of ordinary shares in basic earnings per share computation	188,137,666	188,187,850
Basic earnings per share (sen)	18.3	18.3
	=========	=========

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

11. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2011	2010	2012	2011
	RM	RM	RM	RM
Recognised during the year:				
First and final dividend 2011: 5 sen per share, less 25% taxation on 188,133,700 ordinary shares	7,055,005	-	7,055,005	-
	=======	=======	=======	=======
First and final dividend for 2010: 4 sen per share, less 25% taxation on 188,184,600 ordinary shares	-	5,645,538	-	5,645,531
	=======	=======	=======	=======

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 July 2012, of 5% less 25% taxation (3.75 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 2012.

12. Property, plant and equipment

	Long leasehold land RM	Buildings RM	Watercrafts, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer equipment RM	Capital work-in-progress RM	Total RM
Group									
At 31 July 2012									
Cost									
At 1 August 2011	21,532,534	154,696,509	269,354,323	337,393,674	67,626,406	18,243,779	7,273,108	49,893,983	926,014,316
Additions	-	2,472,354	15,605,481	953,548	7,313,691	725,270	297,929	25,858,096	53,226,369
Disposals	-	(1,116,700)	(2,779,009)	(113,999)	(409)	(7,824)	(15,918)	-	(4,033,859)
Written off	-	(101,289)	(118,772)	(8,490,711)	(342,967)	(146,960)	(16,459)	-	(9,217,158)
Transfer	-	2,421,455	16,739,097	5,468,214	277,173	50,311	9,924	(24,966,174)	-
Transfer to investment properties	-	-	-	-	-	-	-	(4,100)	(4,100)
At 31 July 2012	21,532,534	158,372,329	298,801,120	335,210,726	74,873,894	18,864,576	7,548,584	50,781,805	965,985,568

12. Property, plant and equipment (contd.)

	Long leasehold land RM	Buildings RM	Watercrafts, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer equipment RM	Capital work-in-progress RM	Total RM
Group (contd.)									
Accumulated depreciation and impairment losses									
At 1 August 2011	1,157,923	82,093,432	108,132,450	270,828,539	43,483,216	13,256,127	5,756,224	-	524,707,911
Depreciation charge for the year	378,758	4,593,304	26,702,391	14,737,917	6,529,721	1,192,581	462,397	-	54,597,069
Charge to profit or loss (Note 6)	364,381	4,564,456	25,871,316	14,728,550	6,514,236	1,173,107	462,397	-	53,678,443
Capitalised in plantation development expenditure	14,377	28,848	831,075	9,367	15,485	19,474	-	-	918,626
Disposals	-	(34,348)	(2,188,988)	(32,986)	(700)	(12,331)	(2,643)	-	(2,271,996)
Impairment loss recognised in profit or loss	-	829,718	-	-	-	-	-	-	829,718
Written off	-	(101,289)	(116,638)	(8,180,073)	(342,967)	(133,887)	(5,032)	-	(8,879,886)
At 31 July 2012	1,536,681	87,380,817	132,529,215	277,353,397	49,669,270	14,302,490	6,210,946	-	568,982,816
Net carrying amount	19,995,853	70,991,512	166,271,905	57,857,329	25,204,624	4,562,086	1,337,638	50,781,805	397,002,752

12. **Property, plant and equipment (contd.)**

	Freehold land RM	Long leasehold land RM	Buildings RM	Watercrafts, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer equipment RM	Capital work-in-progress RM	Total RM
Group (contd.)										
At 31 July 2011										
Cost										
At 1 August 2010	162,260	21,532,534	154,221,070	241,454,302	335,196,412	68,222,584	16,754,709	6,829,961	39,743,300	884,117,132
Additions	-	-	1,208,241	35,666,562	2,912,769	4,675,299	1,199,486	378,304	12,301,112	58,341,773
Disposals	-	-	(203,830)	(1,031,738)	(1,342,134)	(9,560)	(32,940)	-	-	(2,620,202)
Written off	(162,260)	-	(696,598)	(6,993,803)	-	(5,885,124)	(17,976)	(4,495)	(64,131)	(13,824,387)
Transfer	-	-	167,626	259,000	626,627	623,207	340,500	69,338	(2,086,298)	-
At 31 July 2011	-	21,532,534	154,696,509	269,354,323	337,393,674	67,626,406	18,243,779	7,273,108	49,893,983	926,014,316

12. Property, plant and equipment (contd.)

	Freehold land RM	Long leasehold land RM	Buildings RM	Watercrafts, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer equipment RM	Capital work-in-progress RM	Total RM
Group (contd.)										
Accumulated depreciation and impairment losses										
At 1 August 2010	162,259	779,164	75,269,324	91,334,446	256,294,316	43,746,068	11,764,355	5,239,829	-	484,589,761
Depreciation charge for the year	-	378,759	4,808,374	24,347,969	15,063,126	5,584,228	1,501,390	518,128	-	52,201,974
Charge to profit or loss (Note 6)	-	314,488	4,756,707	23,754,009	15,058,889	5,572,967	1,487,590	518,128	-	51,462,778
Capitalised in plantation development expenditure	-	64,271	51,667	593,960	4,237	11,261	13,800	-	-	739,196
Disposals	-	-	(53,914)	(556,193)	(554,050)	(8,375)	(13,746)	-	-	(1,186,278)
Impairment loss recognised in profit or loss	-	-	2,716,358	3	25,147	36,930	12,863	-	-	2,791,301
Written off	(162,259)	-	(646,710)	(6,993,775)	-	(5,875,635)	(8,735)	(1,733)	-	(13,688,847)
At 31 July 2011	-	1,157,923	82,093,432	108,132,450	270,828,539	43,483,216	13,256,127	5,756,224	-	524,707,911
Net carrying amount	-	20,374,611	72,603,077	161,221,873	66,565,135	24,143,190	4,987,652	1,516,884	49,893,983	401,306,405

12. Property, plant and equipment (contd.)

Company	Buildings	Watercrafts, tractors, trucks and motor vehicles	Plant and machinery	Infrastructure facilities	Furniture, fittings and equipment	Computer equipment	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 31 July 2012								
Cost								
At 1 August 2011	18,901,165	179,918,731	4,216,931	50,662,123	10,947,261	3,828,683	1,393,688	269,868,582
Additions	731,223	12,388,470	21,869	6,404,825	224,509	197,611	16,479,708	36,448,215
Disposals	-	(1,863,957)	(73,536)	-	(12,217)	(12,409)	-	(1,962,119)
Written off	-	-	-	-	(5,799)	-	-	(5,799)
Transfer	438,493	16,599,097	-	-	43,441	9,924	(17,090,955)	-
At 31 July 2012	20,070,881	207,042,341	4,165,264	57,066,948	11,197,195	4,023,809	782,441	304,348,879
Accumulated depreciation and impairment losses								
At 1 August 2011	5,580,998	69,201,156	1,821,430	30,312,258	8,498,447	2,553,375	-	117,967,664
Depreciation charge for the year (Note 6)	529,820	19,173,863	418,204	5,899,264	715,337	405,452	-	27,141,940
Disposals	-	(1,326,516)	(23,858)	-	(6,304)	(1,945)	-	(1,358,623)
Written off	-	-	-	-	(5,524)	-	-	(5,524)
Impairment loss recognised in profit or loss	829,718	-	-	-	-	-	-	829,718
At 31 July 2012	6,940,536	87,048,503	2,215,776	36,211,522	9,201,956	2,956,882	-	144,575,175
Net carrying amount	13,130,345	119,993,838	1,949,488	20,855,426	1,995,239	1,066,927	782,441	159,773,704

12. Property, plant and equipment (contd.)

Company (contd.)	Buildings	Watercrafts, tractors, trucks and motor vehicles	Plant and machinery	Infrastructure facilities	Furniture, fittings and equipment	Computer equipment	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 31 July 2011								
Cost								
At 1 August 2010	19,076,728	169,516,569	4,354,227	48,383,321	10,409,329	3,417,982	998,004	256,156,160
Additions	9,933	16,635,688	5,461	3,005,595	432,942	363,196	1,210,841	21,663,656
Disposals	(185,496)	(6,206,526)	(142,757)	-	(32,850)	-	-	(6,567,629)
Written off	-	(27,000)	-	(1,350,000)	(2,110)	(4,495)	-	(1,383,605)
Transfer	-	-	-	623,207	139,950	52,000	(815,157)	-
At 31 July 2011	18,901,165	179,918,731	4,216,931	50,662,123	10,947,261	3,828,683	1,393,688	269,868,582
Accumulated depreciation and impairment losses								
At 1 August 2010	3,501,459	54,668,267	1,430,677	26,582,369	7,433,788	2,103,994	-	95,720,554
Depreciation charge for the year (Note 6)	632,760	17,522,168	422,873	5,079,889	1,085,525	451,114	-	25,194,329
Disposals	(51,011)	(2,962,279)	(32,120)	-	(20,360)	-	-	(3,065,770)
Written off	-	(27,000)	-	(1,350,000)	(506)	(1,733)	-	(1,379,239)
Impairment loss recognised in profit or loss	1,497,790	-	-	-	-	-	-	1,497,790
At 31 July 2011	5,580,998	69,201,156	1,821,430	30,312,258	8,498,447	2,553,375	-	117,967,664
Net carrying amount	13,320,167	110,717,575	2,395,501	20,349,865	2,448,814	1,275,308	1,393,688	151,900,918

12. Property, plant and equipment (contd.)

(a) Certain buildings of the Group with net carrying amount of RM19,101,429 (2011: RM18,259,386) 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	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Tractor and trucks	2,277,263	2,259,132	1,398,197	1,682,577
Buildings	-	11,404,239	-	10,312,974
	2,277,263	13,663,371	1,398,197	11,995,551

(c) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM53,226,369 (2011: RM58,341,773) and RM36,448,215 (2011: RM21,663,656) respectively of which RM18,145,440 (2011: RM27,297,420) and RM17,767,800 (2011: RM15,628,000) respectively were acquired by means of finance lease arrangements. Net carrying amounts of respective property, plant and equipment held under finance lease arrangements are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Tractors, trucks and motor vehicles	51,960,352	87,620,595	42,813,107	80,867,527

Details of the terms and conditions of the finance lease arrangements are disclosed in Note 32.

(d) The net carrying amount of property, plant and equipment pledged for borrowings as referred in Note 25 are as follows:

	Group	
	2012	**2011**
	RM	RM
Power plant-in-progress	42,112,120	44,426,590
Long leasehold land	25,186,471	25,744,893
Watercrafts and vehicles	9,529,046	11,130,619
	76,827,637	81,302,102

(e) Included in property, plant and equipment of the Group are interest expenses capitalised during the year amounted to RM899,252 (2011: RM1,004,441) as referred in Note 5.

13. Prepaid land lease payments

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cost				
At 1 August/31 July	44,735,565	44,735,565	2,575,440	2,575,440
Accumulated amortisation				
At 1 August	8,629,320	7,543,162	522,853	470,668
Amortisation for the year	1,085,412	1,086,158	52,184	52,185
Charge to profit or loss (Note 6)	1,085,259	1,085,490	52,184	52,185
Capitalised in plantation development (Note 14)	153	668	-	-
At 31 July	9,714,732	8,629,320	575,037	522,853
Net carrying amount	35,020,833	36,106,245	2,000,403	2,052,587
Amount to be amortised:				
- Not later than one year	1,085,413	1,086,157	52,184	52,184
- Later than one year but not later than five years	4,341,651	4,344,620	208,736	208,736
- Later than five years	29,593,769	30,675,468	1,739,483	1,791,667
	35,020,833	36,106,245	2,000,403	2,052,587

The net carrying amount of prepaid land lease payments of the Group pledged for borrowing as referred in Note 25 to the financial statements is RM11,058,915 (2011: RM11,304,214).

Prepaid land lease payments of the Group and the Company with carrying value of RM1,391,282 (2011: RM3,451,641) and RM Nil (2011: RM 2,052,587) are yet to be registered in the name of the subsidiaries and of the Company respectively.

14. Biological assets

	Group	
	2012	2011
	RM	RM
Cost		
At 1 August	100,388,310	85,012,612
Additions	13,976,749	15,375,698
At 31 July	114,365,059	100,388,310
Accumulated amortisation		
At 1 August	2,993,416	625,883
Amortisation for the year (Note 6)	2,967,216	2,367,533
At 31 July	5,960,632	2,993,416
Net carrying amount	108,404,427	97,394,894

14. Biological assets (contd.)

(a) Included in biological assets of the Group are the following expenses incurred and capitalised during the financial year:

	Group 2012 RM	Group 2011 RM
Staff costs	3,258,032	1,888,684
Depreciation	918,626	739,196
Interest expense (Note 5)	801,713	462,713
Amortisation of prepaid land lease payments (Note 13)	153	668
Rental of equipment	500	532
	=======	=======

(b) The biological assets of the Group are pledged as security for the term loans granted to the Group as referred in Note 25 to the financial statements.

15. Investment properties

	Long leasehold land RM	Short leasehold land RM	Total RM
Group			
At 31 July 2012			
Cost			
At 1 August 2011	9,894,171	9,917,652	19,811,823
Additions	4,137,886	1,400,072	5,537,958
Transfer	3,827,349	(3,827,349)	-
Transfer from property, plant and equipment	4,100	-	4,100
At 31 July 2012	17,863,506	7,490,375	25,353,881
Accumulated depreciation			
At 1 August 2011	59,417	3,876,540	3,935,957
Depreciation charge for the year (Note 6)	67,317	410,696	478,013
Transfer	1,992,098	(1,992,098)	-
At 31 July 2012	2,118,832	2,295,138	4,413,970
Net carrying amount	15,744,674	5,195,237	20,939,911
	========	========	========

15. Investment properties (contd.)

Group (contd.)	Long leasehold land RM	Short leasehold land RM	Total RM
At 31 July 2011			
Cost			
At 1 August 2010/ 31 July 2011	9,894,171	9,917,652	19,811,823
Accumulated depreciation			
At 1 August 2010	47,021	3,030,666	3,077,687
Depreciation charge for the year (Note 6)	12,396	845,874	858,270
At 31 July 2011	59,417	3,876,540	3,935,957
Net carrying amount	9,834,754	6,041,112	15,875,866

The fair value of the investment properties as at 31 July 2012 is approximately RM36,000,000.

The net carrying amount of investment properties of the Group pledged for borrowings as referred in Note 25 to the financial statements is RM5,663,382 (2011: RM4,286,582).

16. Investment in subsidiaries

	Company 2012 RM	Company 2011 RM
Unquoted shares, at cost	306,780,568	306,780,564
Less: Accumulated impairment loss	(28,750,998)	(22,641,998)
	278,029,570	284,138,566

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

Name of subsidiaries	Equity interest held (%) 2012	Equity interest held (%) 2011	Principal activities
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

16. Investment in subsidiaries (contd.)

Name of subsidiaries	Equity interest held (%) 2012	2011	Principal activities
Sarawak Plywood (M) Sdn. Bhd. *	100	100	Logging, sawmilling and marketing of logs, ceased operation in prior year
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
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	100	Cultivation of oil palm
JPH Enterprise Sdn. Bhd. *	100	100	Insurance agency
Saraju Holding Sdn. Bhd. +	100	100	Extraction and sales of logs
Diamond Biowood Sdn. Bhd. * (formerly known as Diamond Plywood Sdn. Bhd.)	100	100	Dormant
AA Plywood Sdn. Bhd. *	100	100	Dormant
Excelle Timber Sdn. Bhd. *	100	100	Manufacture and sale of charcoal
Victory Round 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	100	Dormant
Tiasa Mesra Sdn. Bhd. *	100	100	Dormant
Tiasa Cergas Sdn. Bhd. *	100	100	Dormant

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

17. Investment securities

	Group and Company 2012 RM	2011 RM
Available-for-sale investment		
Retail development trust (quoted outside Malaysia)	500,094	-
Market value of quoted retail development trust	500,094	-

18. Intangible assets

	Rights in timber licences RM	Goodwill RM	Computer software & licences RM	Total RM
Group				
Costs				
At 1 August 2010	247,020,697	2,720,155	19,014,264	268,755,116
Written off	(40,883,728)	-	-	(40,883,728)
At 31 July 2011/ 31 July 2012	206,136,969	2,720,155	19,014,264	227,871,388
Accumulated amortisation				
At 1 August 2010	188,023,635	-	18,489,948	206,513,583
Amortisation (Note 6)	11,277,118	-	387,472	11,664,590
Written off	(40,883,728)	-	-	(40,883,728)
At 31 July 2011	158,417,025	-	18,877,420	177,294,445
Amortisation (Note 6)	10,139,592	-	132,236	10,271,828
At 31 July 2012	168,556,617	-	19,009,656	187,566,273
Net carrying amount				
At 31 July 2012	37,580,352	2,720,155	4,608	40,305,115
At 31 July 2011	47,719,944	2,720,155	136,844	50,576,943

	Rights in timber licenses 2012 RM	2011 RM
Company		
Costs		
At 1 August/31 July	183,446,732	183,446,732
Accumulated amortisation		
At 1 August	153,554,832	145,519,176
Amortisation (Note 6)	6,898,130	8,035,656
At 31 July	160,452,962	153,554,832
Net carrying amount	22,993,770	29,891,900

18. Intangible assets (contd.)

Impairment testing on goodwill

Goodwill arising from business combination mainly arises from plantation segment. Goodwill is tested for impairment on an annual basis by comparing the carrying amount with recoverable amount of the cash generating units ("CGUs") based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

i. Cash flows are projected for a period of twenty-five (25) years (the average life cycle of oil palm trees).
ii. Discount rate used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projections is 12.65% (2011: 10.73%).
iii. Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields, oil extraction rates and also cost of productions.
iv. Profit margins are projected based on industry trends and historical profit margin achieved.

19. Long term receivable

	Group and Company	
	2012	**2011**
	RM	RM
Long term receivable	17,116,143	18,982,153
Allowance for impairment:		
At 1 August 2011	7,709,205	-
Effects of adopting of FRS 139	-	7,934,644
Accretion of interest (Note 6)	(778,404)	(799,260)
Impairment loss (Note 6)	-	573,821
At 31 July 2012	6,930,801	7,709,205
Net carrying amount	10,185,342	11,272,948

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.

20. Inventories

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
At cost				
Raw materials:				
- Logs	32,907,571	21,632,428	22,059,032	15,450,204
- Waste timber	1,314,916	500,920	-	-
- Seedlings	15,613	87,775	-	-
Finished goods				
- Particleboard	15,401,402	4,918,189	-	-
- Sawn timber	5,950,785	971,920	-	-
Work-in-progress	9,264,258	1,029,235	5,704,467	355,232
General stores	25,599,314	25,278,820	1,475,565	1,905,500
	90,453,859	54,419,287	29,239,064	17,710,936

20. Inventories (contd.)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
At net realisable value:				
Finished goods				
- Finger joint moulding	-	78,462	-	-
- Plywood	79,037,168	63,765,153	-	-
- Sawn timber	-	2,075,070	-	-
- Charcoal	101,346	-	-	-
Work-in-progress	10,527,734	24,709,797	-	-
	89,666,248	90,628,482	-	-
	180,120,107	145,047,769	29,239,064	17,710,936

21. Trade and other receivables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade receivables				
Third parties	33,087,250	19,902,088	14,618,107	5,190,179
Related companies	19,217,471	9,358,249	1,831,347	1,172,938
Amount due from subsidiaries	-	-	40,585,067	42,474,247
	52,304,721	29,260,337	57,034,521	48,837,364
Less: Allowances for impairment				
- Third parties	(1,751,938)	(1,751,938)	(18,074)	(18,074)
	50,552,783	27,508,399	57,016,447	48,819,290
Other receivables				
Third parties	26,003,972	19,690,816	23,746,493	18,081,075
Amount due from subsidiaries	-	-	75,393,197	63,055,412
Related companies	240,947	84,988	240,947	84,988
Less: Allowances for impairment				
- Third parties	(265,884)	(186,212)	(240,879)	(161,207)
- Amounts due from related subsidiaries	-	-	(21,555,574)	(10,047,284)
	25,979,035	19,589,592	77,584,184	71,012,984
Deposits and advances	841,938	1,290,281	169,799	162,935
	26,820,973	20,879,873	77,753,983	71,175,919
Total trade and other receivables	77,373,756	48,388,272	134,770,430	119,995,209
Add: Cash and bank balances (Note 24)	58,605,084	89,732,653	17,971,333	29,996,381
Total loans and receivables	135,978,840	138,120,925	152,741,763	149,991,590

21. Trade and other receivables (contd.)

(a) Trade receivables

The Group's normal trade credit terms range from payment in advance to 180 days (2011: payment in advance to 180 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Neither past due nor impaired	28,984,384	14,908,305	30,045,443	19,558,614
1 to 30 days past due not impaired	3,478,664	4,619,326	6,345,666	6,856,437
31 to 60 days past due not impaired	6,161,461	3,227,535	1,719,007	19,303,449
61 to 90 days past due not impaired	3,476,414	2,025,112	4,557,244	447,080
91 to 120 days past due not impaired	3,171,688	1,141,615	538,080	879,456
More than 121 days past due not impaired	5,280,172	1,585,606	13,811,007	1,774,254
	21,568,399	12,599,194	26,971,004	29,260,676
Impaired	1,751,938	1,752,838	18,074	18,074
	52,304,721	29,260,337	57,034,521	48,837,364

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworth debtors with good payments records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM21,568,399 (2011: RM12,599,194) and RM26,971,004 (2011: RM29,260,676) respectively, that are past due at the reporting date but not impaired.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Trade receivables - nominal amounts	1,751,938	1,752,838	18,074	18,074
Less: Allowance for impairment	(1,751,938)	(1,751,938)	(18,074)	(18,074)
	-	900	-	-

21. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Movement in allowance accounts:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
At 1 August	1,751,938	1,748,069	18,074	18,074
Recognised in profit and loss (Note 6)	-	3,869	-	-
At 31 July	1,751,938	1,751,938	18,074	18,074

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) 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.

(c) Amount due from subsidiaries

Amounts due from subsidiaries are unsecured, interest-free and are repayable on demand except amount of RM53,016,355 (2011: RM44,913,081) bear interest of 4.4% (2011: 3.4%) per annum as at the date of statement of financial position.

Other receivables that are impaired

Movement in allowances accounts:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
At 1 August 2011	186,212	25,871	10,208,491	9,238,823
Effect of adopting of FRS 139	-	-	-	3,886,770
Recognised in profit or loss (Note 6)	79,672	161,207	11,587,962	2,275,617
Reversal of impairment loss (Note 6)	-	-	-	(5,192,719)
Write off	-	(866)	-	-
At 31 July 2012	265,884	186,212	21,796,453	10,208,491

Other receivables that are individually determined to be impaired at the reporting date related to amount due from subsidiaries which have been suffering significant financial losses. The receivables are not secured by any collateral or credit enhancements.

22. Derivative financial instrument

	Group				Company			
	Contract/ notional amount		Assets		Contract/ notional amount		Assets	
	2012	2011	2012	2011	2012	2011	2012	2011
	RM	RM	RM	RM	RM	RM	RM	RM
Non-hedging derivatives								
Current								
Forward currency contracts	-	30,107,752	-	601,972	-	26,913,802	-	525,085
	======	========	=====	======	=====	========	======	=======

Forward currency contracts are used to hedge the Company's sales denominated in USD for which firm commitments existed at the reporting date.

23. Other current assets

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Prepayment	957,975	1,172,881	148,306	168,752
Tax recoverable	3,754,090	3,402,485	-	-
	4,712,065	4,575,366	148,306	168,752
	========	========	========	========

24. Cash and bank balances

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash on hand and at banks	32,696,280	39,112,832	11,878,231	17,429,508
Deposits with licensed banks	25,908,804	50,619,821	6,093,102	12,566,873
Cash and cash equivalents	58,605,084	89,732,653	17,971,333	29,996,381
	========	========	========	========

Fixed deposit of the Group amounted to RM698,418 (2011: RM757,275) have been pledged to a bank as security for bank guarantee granted to a subsidiary.

The weighted average effective interest rates (WAEIR) of the Group and the Company at the reporting date are 1.09% (2011: 2.57%) and 1.21% (2011: 2.84%) for deposits with licensed banks.

25. Loans and borrowings

		Group		Company	
	WAEIR	2012	2011	2012	2011
	%	RM	RM	RM	RM
Current					
Secured:					
Revolving credit	4.28	5,500,000	14,500,000	-	-
Obligations under finance leases (Note 32)	5.12	12,509,563	12,678,831	11,704,073	11,999,744
Term loans	4.44	11,901,116	9,801,116	-	-
		29,910,679	36,979,947	11,704,073	11,999,744
Unsecured:					
Term loans		-	5,008,970	-	5,008,970
		-	5,008,970	-	5,008,970
		29,910,679	41,988,917	11,704,073	17,008,714
Non-current					
Secured:					
Obligations under finance leases (Note 32)	5.12	21,698,059	18,503,497	20,772,823	17,143,328
Term loans	4.44	86,188,049	80,089,910	-	-
		107,886,108	98,593,407	20,772,823	17,143,328
Total loans and borrowings		137,796,787	140,582,324	32,476,896	34,152,042

The remaining maturities of the loans and borrowings as at 31 July 2012 and 31 July 2011 are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Within one year	29,910,679	41,988,917	11,704,073	17,008,714
More than 1 year and less than 2 years	26,155,532	20,305,672	10,598,640	7,645,883
More than 2 years and not later than 5 years	52,879,204	55,444,847	7,821,559	6,322,207
Later than 5 years	28,851,372	22,842,888	2,352,624	3,175,238
	137,796,787	140,582,324	32,476,896	34,152,042

The secured term loan and revolving credit of the Group are secured against long leasehold land, buildings, biological assets, watercrafts and investment properties as referred in Note 12, Note 13, Note 14 and Note 15 to the financial statement and corporate guarantee of the Company.

26. Trade and other payables

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Trade payables				
Third parties	65,227,872	57,784,482	35,605,548	26,870,926
Amount due to subsidiaries	-	-	6,369,269	5,723,634
Amount due to related companies	41,282,111	38,333,878	25,009,575	25,933,384
	106,509,983	96,118,360	66,984,392	58,527,944
Other payables				
Accruals	8,683,687	9,624,028	3,548,573	3,713,547
Deposits	2,413,167	308,611	58,800	58,800
Amount due to subsidiaries	-	-	5,089,175	940,034
Other payables	5,341,672	7,672,248	1,861,622	3,299,871
	16,438,526	17,604,887	10,558,170	8,012,252
Total trade and other payables	122,948,509	113,723,247	77,542,562	66,540,196
Add: Loans and borrowings (Note 25)	137,796,787	140,582,324	32,476,896	34,152,042
Total financial liabilities carried at amortised cost	260,745,296	254,305,571	110,019,458	100,692,238

(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.

(c) Amount due to subsidiaries

The amount due to subsidiaries are non-interest bearing and are repayable on demand.

27. Share capital, share premium and treasury shares

	Number of Ordinary Shares of RM1 each		Amount			
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 31 July 2011	209,000,000	20,830,400	209,000,000	59,679,744	268,679,744	55,061,785
Purchase of treasury shares	-	39,000	-	-	-	82,443
At 31 July 2012	209,000,000	20,869,400	209,000,000	59,679,744	268,679,744	55,144,228
At 31 July 2010	209,000,000	20,799,500	209,000,000	59,679,744	268,679,744	54,988,162
Purchase of treasury shares	-	30,900	-	-	-	73,623
At 31 July 2011	209,000,000	20,830,400	209,000,000	59,679,744	268,679,744	55,061,785

27. Share capital, share premium and treasury shares (contd.)

	Number of ordinary Shares of RM1 each		Amount	
	2012	2011	2012	2011
			RM	RM
Authorised share capital				
At 1 August/31 July	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
	==========	==========	==========	==========

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 39,000 (2011: 30,900) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM82,443 (2011: RM73,623) and this was presented as a component within shareholders' equity.

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. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

28. 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 2012 and 2011 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 RM79,250,000 (2011: RM79,250,000), subject to agreement of the Inland Revenue Board.

28. Retained earnings (contd.)

As at 31 July 2012, the Company has sufficient credit in 108 balances to pay franked dividends amounting to RM206,612,000 (2011: RM219,312,000) out of its entire retained earnings. If the balance of the retained earnings of RM117,920,041 (2011: RM104,945,585) were to be distributed as dividends, the Company may distribute such dividends under single tier system or tax exempt account.

29. Available-for-sale reserve

	Available-for-sale reserve	
	2012	2011
	RM	RM
At 1 August	-	-
Other comprehensive income:		
Fair value changes on available-for-sale financial assets	6,083	-
At 31 July	6,083	-

30. Deferred tax

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
At 1 August 2011	15,457,890	17,782,355	7,195,000	8,699,000
Effects of adopting FRS 139	-	(1,983,661)	-	(1,983,661)
Recognised in profit or loss (Note 9)	(802,095)	(340,804)	(1,548,000)	479,661
At 31 July 2012	14,655,795	15,457,890	5,647,000	7,195,000

Presented after appropriate offsetting as follows:

Deferred tax assets	(11,204,000)	(11,338,000)	-	-
Deferred tax liabilities	25,859,795	26,795,890	5,647,000	7,195,000
	14,655,795	15,457,890	5,647,000	7,195,000

30. Deferred tax (contd.)

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	Property, plant and equipment	Intangible assets Rights in timber licences	Derivative financial instruments	Trade and other payables	Total
	RM	RM	RM	RM	RM	RM
At 1 August 2011	252,944	50,949,777	4,457,011	151,000	18,000	55,828,732
Recognised in profit or loss	(6,168)	(1,172,379)	(810,366)	(151,000)	(1,000)	(2,140,913)
At 31 July 2012	246,776	49,777,398	3,646,645	-	17,000	53,687,819
At 1 August 2010	4,655,555	45,375,249	5,267,377	-	-	55,298,181
Effects of adopting FRS 139	(4,396,443)	4,396,443	-	-	-	-
Recognised in profit or loss	(6,168)	1,178,085	(810,366)	151,000	18,000	530,551
At 31 July 2011	252,944	50,949,777	4,457,011	151,000	18,000	55,828,732

30. **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 impairment loss RM	Allowance of inventories RM	Accrued liabilities RM	Total RM
At 1 August 2011	(11,459,000)	(25,305,842)	(65,000)	(2,017,000)	(572,000)	(952,000)	(40,370,842)
Recognised in profit or loss	200,000	1,138,818	65,000	195,500	(193,000)	(67,500)	1,338,818
At 31 July 2012	(11,259,000)	(24,167,024)	-	(1,821,500)	(765,000)	(1,019,500)	(39,032,024)
At 1 August 2010	(12,433,000)	(22,427,826)	(1,124,000)	(42,000)	(436,000)	(1,053,000)	(37,515,826)
Effects of adopting FRS 139	-	-	-	(1,983,661)	-	-	(1,983,661)
Recognised in profit or loss	974,000	(2,878,016)	1,059,000	8,661	(136,000)	101,000	(871,355)
At 31 July 2011	(11,459,000)	(25,305,842)	(65,000)	(2,017,000)	(572,000)	(952,000)	(40,370,842)

30. Deferred tax (contd.)

Deferred tax liabilities of the Company:

	Derivative financial instruments RM	Property, plant and equipment RM	Total RM
At 1 August 2011	132,000	9,781,000	9,913,000
Recognised in profit or loss	(132,000)	(1,555,000)	(1,687,000)
At 31 July 2012	-	8,226,000	8,226,000
At 1 August 2010	-	9,378,000	9,378,000
Recognised in profit or loss	132,000	403,000	535,000
At 31 July 2011	132,000	9,781,000	9,913,000

Deferred tax assets of the Company:

	Allowances for impairment RM	Accrued liabilities RM	Total RM
At 1 August 2011	(1,969,000)	(749,000)	(2,718,000)
Recognised in profit or loss	196,000	(57,000)	139,000
At 31 July 2012	(1,773,000)	(806,000)	(2,579,000)
At 1 August 2010	-	(679,000)	(679,000)
Recognised in profit or loss	14,661	(70,000)	(55,339)
Effects of adopting FRS 139	(1,983,661)	-	(1,983,661)
At 31 July 2011	(1,969,000)	(749,000)	(2,718,000)

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

	Group 2012 RM	Group 2011 RM
Deductible temporary differences on inventory, property, plant and equipment	5,988,000	2,587,808
Inventory written down	2,637,000	2,817,000
Unused tax losses	19,835,306	13,888,419
Unutilised capital allowances	9,675,567	7,113,386
	38,135,873	26,406,613

31. Significant related party transactions

(a) Sale and purchase of goods and services

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:

	Company 2012 RM	Company 2011 RM
Subsidiaries:		
Sales to subsidiaries		
- log	166,848,911	122,580,218
- sawn timber	-	8,690,155
- property, plant and equipment	237,668	-
- freight and handling charges	1,341,480	703,645
Interest income from subsidiaries	2,507,948	1,868,992
Purchases from subsidiaries		
- logs	41,082,418	23,170,141
- grocery stock	384	-
- sawn timber	439,473	31,025
- plywood	21,816	43,996
- property, plant and equipment	152,567	-
Services paid/payable to subsidiaries		
- freight and handling charges	16,162,490	12,949,501
- logpond handling charges	1,992,516	1,308,277
- rental	450	-
- consultant fee	6,600,000	-
	========	========

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Related companies*:				
Services paid/payable to related companies				
- air tickets charges	3,361	107,905	1,444	70,328
- freight and handling charges	1,862,447	3,446,233	668,627	1,318,572
- helicopter charter charges	388,960	503,636	388,960	503,636
- insurance charges	7,755	60,868	6,372	39,753
- logging contract fee	99,561,735	69,216,194	98,420,242	69,215,909
- marketing fee	780,505	558,307	780,505	558,307
- rental of building	13,200	32,100	13,200	36,600
- rental of land	130,200	130,200	-	-
- rental of plant and machinery	-	7,500	-	-
- rental of vehicles	-	7,500	-	-

31. Significant related party transactions (contd.)

(a) Sale and purchase of goods and services (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Related companies* (contd.):				
Purchase from related companies				
- purchase of property, plant and equipment	11,410,316	17,277,517	11,065,781	16,093,804
- purchase of consumable stores	2,351,622	4,185,055	850,829	1,844,000
- purchase of electricity	164,350	538,725	-	-
- purchase of logs	40,621,677	55,848,560	40,621,677	48,797,517
- purchase of adhesive materials	37,827,085	37,805,740	-	-
- purchase of waste timber	96,569	18,783	-	-
- purchase of veneer	16,138,609	13,168,709	-	-
Income from related companies				
- rental income	239,800	241,200	235,200	235,200
- supply of electricity	91,387	47,775	-	-
- sales of fresh fruit bunch	608,650	3,663,753	-	-
- sales of logs	2,735,572	1,490,148	2,735,572	1,489,149
- sales of plywood	-	23,879	-	-
- sales of particleboard	-	3,569	-	-
- sales of waste timber	6,033	269,160	-	-
- sales of property, plant and equipment	1,600	1,550	1,600	1,550
- sales of sawn timber	7,509,501	13,868,055	-	10,664
- towage and handling income	1,373,085	1,150,411	1,345,329	1,126,526
- contract fee income	47,109,768	52,978,326	3,144,554	2,270,272
- sundry income	-	3,475	-	-
	========	========	========	========

* 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.

31. 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 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Short term employee benefits	6,212,358	5,718,737	5,609,010	4,821,730
Defined contribution plan	659,116	578,609	603,300	514,596
	6,871,474	6,297,346	6,212,310	5,336,326
Included in total key management personnel are:				
Directors' remuneration (Note 8)	4,660,000	4,236,000	4,616,000	3,954,000

32. Commitments

(a) Capital commitment

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	4,149,909	2,863,454	3,986,750	-
Investment properties	-	4,505,289	-	-
	4,149,909	7,368,743	3,986,750	-
Approved but not contracted for:				
Property, plant and equipment	830,969	340,000	-	-
	4,980,878	7,708,743	3,986,750	-

(b) Operating lease commitments - as lessee

Future minimum rental payables under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group 2012 RM	Group 2011 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

32. Commitments (contd.)

(c) Finance lease commitments

The Group and the Company has finance leases for certain items of plant and equipment and furniture and fixtures (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	13,910,929	13,934,875	13,034,725	13,162,903
Later than 1 year but not later than 2 years	12,121,995	9,059,214	11,359,964	8,304,589
Later than 2 years but not later than 5 years	8,307,852	7,304,974	8,108,087	6,629,828
Later than 5 years	2,390,856	3,228,165	2,390,856	3,228,165
Total minimum lease payments	36,731,632	33,527,228	34,893,632	31,325,485
Less: Amounts representing finance charges	(2,524,010)	(2,344,900)	(2,416,736)	(2,182,413)
Present value of minimum lease payments	34,207,622	31,182,328	32,476,896	29,143,072
Present value of payments:				
Not later than 1 year	12,509,563	12,678,831	11,704,073	11,999,744
Later than 1 year but not later than 2 years	11,333,329	8,363,772	10,598,640	7,645,883
Later than 2 years but not later than 5 years	8,012,106	6,964,487	7,821,559	6,322,207
Later than 5 years	2,352,624	3,175,238	2,352,624	3,175,238
	34,207,622	31,182,328	32,476,896	29,143,072
Present value of minimum lease payments:				
Less: Amounts due within 12 months (Note 25)	(12,509,563)	(12,678,831)	(11,704,073)	(11,999,744)
Amount due after 12 months (Note 25)	21,698,059	18,503,497	20,772,823	17,143,328

33. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

		2012		2011	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities:					
Group					
Long term receivable	19	10,185,342	11,461,345	11,272,948	12,724,641
Loans and borrowings					
- Obligations under finance leases	25	34,207,622	34,697,389	31,182,328	30,806,787
		========	========	========	========
Company					
Long term receivable	19	10,185,342	11,461,345	11,272,948	12,724,641
Loans and borrowings					
- Obligations under finance leases	25	32,476,896	32,660,207	29,143,072	28,785,607
		========	========	========	========

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Trade and other payables	26
Cash and bank balances	24
Loans and borrowings	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

<u>Obligation under finance lease</u>

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

33. Fair value of financial instruments (contd.)

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
At 31 July 2012				
Financial assets				
Investment securities	500,094	-	-	500,094
	======	======	======	======
At 31 July 2011				
Financial assets				
Derivatives	-	601,972	-	601,972
	======	======	======	======
Company				
At 31 July 2012				
Financial assets				
Investment securities	500,094	-	-	500,094
	======	======	======	======
At 31 July 2011				
Financial assets				
Derivatives	-	525,085	-	525,085
	======	======	======	======

34. 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 when it is deemed necessary. It does not engage in speculative transactions.

The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Credit Control.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) the carrying amount of each class of financial assets recognised in the statements of financial position including derivatives with positive fair values.

(ii) A nominal amount of RM119,386,378 (2011: RM104,220,493) provided by the Company to the banks on subsidiaries' loans and borrowings.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21.

Credit risk concentration profile

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of business customers which are spread across a diverse range of industries. The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis.

At the reporting date, approximately 25% and 75% (2011: 19% and 82%) of the Group's and the Company's trade and other receivables respectively, were balances with related company and subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

34. Financial risk management objectives and policies (Contd.)

(a) Credit risk (contd.)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage its liquidity risk by maintaining adequate reserves, access to a number of sources of banking facilities which are sufficient to meet anticipated funding requirements, and reserve borrowing facilities by continuously monitoring its forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

At the reporting date, approximately 22% (2011: 30%) of the Group's loans and borrowings (Note 25) will mature in less than one year based on the carrying amount reflected in the financial statements. 36% (2011: 50%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Within One year RM	**One to five years** RM	**Over five years** RM	**Total** RM
As at 31.07.2012				
Group				
Financial liabilities:				
Trade and other payables	122,948,509	-	-	122,948,509
Loans and borrowings	35,557,374	90,106,830	30,453,806	156,118,010
Total undiscounted financial liabilities	158,505,883	90,106,830	30,453,806	279,066,519
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantee *	77,542,562	-	-	77,542,562
Loans and borrowings	13,034,725	19,468,051	2,390,856	34,893,632
Total undiscounted financial liabilities	90,577,287	19,468,051	2,390,856	112,436,194

34. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

	Within One year RM	One to five years RM	Over five years RM	Total RM
As at 31.07.2011				
Group				
Financial liabilities:				
Trade and other payables	114,705,052	19,921	833	114,725,806
Loans and borrowings	47,630,621	85,590,835	23,855,707	157,077,163
Total undiscounted financial liabilities	162,335,673	85,610,756	23,856,540	271,802,969
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantee *	66,660,179	-	-	66,660,179
Loans and borrowings	18,310,245	14,934,417	3,228,165	36,472,827
Total undiscounted financial liabilities	84,970,424	14,934,417	3,228,165	103,133,006

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, loans at floating rates given to subsidiaries and deposits in the approved financial institutions. The Company's loans at floating rate given to subsidiaries form a natural hedge for its current floating rate bank borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are re-priced to market interest rates.

34. Financial risk management objectives and policies (contd.)

(c) Interest rate risk (contd.)

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit net of tax through the impact on interest expenses on floating rate loans as borrowings.

	Increase/ decrease in basis points	2012 Effect on profit net of tax RM	2011 Effect on profit net of tax RM
Group			
Loans and borrowings	+50	-253,262	-416,244
Loans and borrowings	-50	+253,262	+416,244
	=====	=======	=======
Company			
Loans and borrowings	+50	-	-180,630
Loans and borrowings	-50	-	+180,630
	=====	=======	=======

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of Group entities, which is RM. The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD"), European Dollars ("Euro") and Japanese Yen ("JPY").

The Company enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receipts and payments, when it is deemed necessary.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (in USD) amounted to RM29,558,779 (2011: RM7,843,264) and RM10,452,352 (2011: RM989,923) for the Group and the Company respectively.

34. Financial risk management objectives and policies (contd.)

(d) Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, Euro, JPY and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2012 Profit net of tax RM	2011 Profit net of tax RM
Group			
USD/RM	- strengthened 5% (2011: 10%)	+1,913,288	-662,268
	- weakened 5% (2011: 10%)	-1,913,288	+662,268
Euro/RM	- strengthened 5% (2011: 10%)	+8,092	+20,440
	- weakened 5% (2011: 10%)	-8,092	-20,440
JPY/RM	- strengthened 5% (2011: 10%)	-1,298	+40,368
	- weakened 5% (2011: 10%)	+1,298	-40,368
Company			
USD/RM	- strengthened 5% (2011: 10%)	+908,854	-2,157,698
	- weakened 5% (2011: 10%)	-908,854	+2,157,698

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 July 2012 and 31 July 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Loans and borrowings	25	137,796,787	140,582,324	32,476,896	34,152,042
Trade and other payables	26	122,948,509	113,723,247	77,542,562	66,540,196
Less: Cash and bank balances	24	(58,605,084)	(89,732,653)	(17,971,333)	(29,996,381)
Net debts		202,140,212	164,572,918	92,048,125	70,695,857
Equity attributable to the owners of the Company		655,694,515	628,497,536	538,061,474	537,875,544
Capital and net debt		857,834,727	793,070,454	630,109,599	608,571,401
Gearing ratio		24%	21%	15%	12%

36. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

i. The logging segment is involved in extraction, sale of logs and tree planting (reforestation).

ii. The manufacturing segment is in the business of manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger joint moulding and supply of electricity for its manufacturing activities.

iii. The plantation segment is involved in cultivation of oil palm and sales of fresh fruit bunch.

iv. The others segment is involved in sales of grocery, provision of towage and transportation services, property holding and development.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No segment analysis on a geographical basis is provided as the Group's activities were wholly carried out in Malaysia.

36. **Segment information (contd.)**

	Logging 2012 RM	Logging 2011 RM	Manufacturing 2012 RM	Manufacturing 2011 RM	Plantation 2012 RM	Plantation 2011 RM	Others 2012 RM	Others 2011 RM	Adjustments and eliminations 2012 RM	Adjustments and eliminations 2011 RM	Note	Per consolidated financial statements 2012 RM	Per consolidated financial statements 2011 RM
Revenue													
External customers	260,602,658	242,601,241	364,770,963	358,131,864	40,401,750	27,054,251	69,111	56,900	-	-		665,844,482	627,844,256
Inter-segment	166,848,911	127,519,686	1,068,546	574,057	-	-	18,019,262	14,137,622	(185,936,719)	(142,231,365)	A	-	-
Total revenue	427,451,569	370,120,927	365,839,509	358,705,921	40,401,750	27,054,251	18,088,373	14,194,522	(185,936,719)	(142,231,365)		665,844,482	627,844,256
Results													
Interest income	1,761,869	1,575,600	632,185	1,338,576	94,102	96,741	48,225	31,043	(1,176,158)	(1,706,422)	A	1,360,223	1,335,538
Amortisation of biological assets	-	-	-	-	2,967,216	2,367,533	-	-	-	-		2,967,216	2,367,533
Amortisation of intangible assets	10,139,592	11,277,118	132,236	387,472	-	-	-	-	-	-		10,271,828	11,664,590
Amortisation of prepaid lease payments	52,184	52,185	1,022,633	1,023,378	2,670	2,155	7,772	7,772	-	-		1,085,259	1,085,490
Depreciation of investment properties	-	-	-	-	-	-	478,013	858,270	-	-		478,013	858,270
Depreciation of property, plant and equipment	28,388,898	24,802,137	19,500,338	21,204,558	1,257,669	922,805	4,536,245	4,534,846	(4,707)	(1,569)	B	53,678,443	51,462,777
Other non-cash expenses	(698,732)	48,394	1,599,946	2,928,136	-	-	-	-	-	-	C	901,214	2,976,530
Segment profit/(loss)	16,863,759	33,162,555	18,939,781	14,242,783	11,055,519	2,761,286	285,970	(2,029,586)	-	-		47,145,029	48,137,038
Assets													
Additions to non-current assets	39,166,465	36,147,140	9,547,921	13,793,294	18,951,061	25,572,371	6,218,463	975,333	(1,142,834)	(4,826,477)	D	72,741,076	71,661,661
Segment assets	397,228,802	383,198,158	391,781,070	398,041,022	160,301,072	146,160,032	58,527,747	56,953,135	(63,465,205)	(72,135,014)	E	944,373,486	912,217,333
Segment liabilities	124,162,752	115,314,275	122,025,450	129,168,294	106,701,276	100,811,698	14,508,852	13,112,998	(78,719,359)	(74,687,468)	F	288,678,971	283,719,797

36. Segment Information (contd.)

A Inter-segment revenues and interest income are eliminated on consolidation.

B The amount relating to gain on disposal of property, plant and equipment between fellow subsidiaries is eliminated on consolidation.

C Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2012 RM	2011 RM
Accretion of interest on long term receivable	6	(778,404)	(799,260)
Impairment loss on financial assets			
- long term receivable	6	-	573,821
- trade receivables	6	-	3,869
- other receivables	6	79,672	161,207
Impairment of property, plant and equipment	6	829,718	2,791,301
Inventory write-down	6	770,228	245,592
		901,214	2,976,530

D Additions to non-current assets consist of:

	2012 RM	2011 RM
Property, plant and equipment	53,226,369	56,285,963
Biological assets	13,976,749	15,375,698
Investment properties	5,537,958	-
	72,741,076	71,661,661

E The following items deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2012 RM	2011 RM
Inter-segment assets	63,465,205	72,135,014

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2012 RM	2011 RM
Deferred tax liabilities	5,647,000	7,195,000
Tax payables	1,884,084	1,890,500
Inter-segment liabilities	(86,250,443)	(83,772,968)
	(78,719,359)	(74,687,468)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

36. Segment Information (contd.)

	2012 RM	2011 RM
Property, plant and equipment	397,002,752	401,306,405
Biological assets	108,404,427	97,394,894
Prepaid land lease payments	35,020,833	36,106,245
Investment properties	20,939,911	15,875,866
Investment securities	500,094	-
Intangible assets	40,305,115	50,576,943
	602,173,132	601,260,353

Information about a major customer

Revenue from one major customer amount to RM59,427,963 (2011: RM73,225,915), arising from sales by the following segments:

	2012 RM	2011 RM
Logging segment	51,190,669	54,468,474
Manufacturing segment	7,600,888	13,943,277
Plantation	608,650	3,663,753
Others	27,756	1,150,411
	59,427,963	73,225,915

37. Events occurring after the reporting date

On 7 August 2012, a wholly owned subsidiary of the Company, Victory Round Sdn. Bhd. has entered into a Joint Venture Agreement with Pelita Holdings Sdn. Bhd. ("PHSB") for the purpose of setting up a Joint Venture Company ("JVC") to develop the plantable area of all those parcels of land situated in Kabah, Kanowit, Sibu Division containing in aggregate a gross area of 12,037 hectares into an oil palm plantation together with facilities and the provision of services ancillary to such plantation including palm oil mills. The Company will own 60% of equity interest in the JVC with the remaining equity interest being hold by PHSB.

On 5 September 2012, the JVC has been incorporated with the name of Victory Pelita Kabah Sdn. Bhd.

On 8 October 2012, the Company acquired 100% equity interest in Mamo Sdn. Bhd. ("MMO"), a company incorporated in Malaysia, for a total cash consideration of RM2. MMO is currently a dormant company and its intended principal activity is investment holdings.

On 17 October 2012, the Company acquired 100% equity interest in Momamizu Sdn. Bhd. ("MMZ"), a company incorporated in Malaysia, for a total cash consideration of RM2. MMZ is currently a dormant company and its intended principal activity is manufacturing and trading of drinking water.

38. Supplementary information - breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 July 2012 and 2011 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant of Bursa Malaysia Securities Berhad Listing Requirements, and issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total retained earnings of the Company and the subsidiaries				
Realised	436,764,815	421,940,943	330,240,570	330,558,299
Unrealised	(6,014,102)	(4,780,661)	(5,708,529)	(6,300,714)
	430,750,713	417,160,282	324,532,041	324,257,585
Less: Consolidated adjustments	11,414,369	(2,280,705)	-	-
Retained earnings as per financial statement	442,165,082	414,879,577	324,532,041	324,257,585

List of Properties
as at 31 July 2012

Location	Tenure	Land Area (Hectares)	Existing Use	Approximate Age of Building	Net Carrying Amount as at 31.07.2012 (RM)	Date of Acquisition
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	24.054	Factories, office, welfare building	1 - 23 years	55,325,861	31.03.1989 - 30.12.1994
Lot 47, Block 135, Balingian Land District, Mukah	Leasehold land expiring on 11.02.2064	5,000	Oil palm plantation, office, store, quarters	1 - 6 years	16,704,119	30.09.2004
Industrial Land at Lot 400, Blk 38 Kemena Land, Bintulu	Leasehold land expiring on 15.09.2057	12.672	Factory, office, welfare building	16 years	11,058,915	01.10.2008
Lot 854-866, Block 10, Sibu Town District	Leasehold land expiring on 06.09.2071	0.212	Office building	11 years	10,697,631	01.06.2001
Lot 1, Block 22, Majau Land District	Leasehold land expiring on 22.05.2067	2,000	Oil palm plantation estate	-	6,143,640	09.07.2008
Lot 62, Block 12, Buan Land District, Tanjung Manis	Leasehold land expiring on 01.08.2051	4.183	Factory, office, welfare building	17 years	4,614,456	01.08.2007
Lot 45-50, Lot 182, Lot 214-220, Block 3, Seduan Land District	Leasehold land expiring on 31.12.2086	40.907	Vacant	-	4,087,064	27.05.2011
Lot 11726, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2025	2.261	Vacant	-	4,022,306	05.06.2006
Country Lease No. 015146139, Kota Kinabalu	Leasehold land expiring on 01.03.2916	1.360	Vacant	-	3,828,132	10.05.2007
Lot 10, Section 43, Kuching Town Land District	Leasehold land expiring on 13.05.2816	0.741	Vacant	-	3,480,050	15.03.2006

Analysis of Shareholdings
as at 30 October 2012

Share Capital

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Fully Paid-up Share Capital	:	RM209,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Share

Distribution schedule of ordinary shares

No. of Holders	Holdings	Total Holdings	%
86	less than 100 shares	2,816	0.00 #
204	100 to 1,000 shares	156,600	0.08
2,735	1,001 to 10,000 shares	6,770,273	3.60
241	10,001 to 100,000 shares	6,405,847	3.41
42	100,001 to less than 5% of issued shares	77,628,058	41.26
6	5% and above of issued shares	97,166,806	51.65
3,314		188,130,400*	100.00

Less than 0.01%

* Excluding 20,869,600 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on Record of Depositors as at 30 October 2012

List of Substantial Shareholders
as at 30 October 2012

Name	No. of Ordinary Shares of RM1.00 each	
	Direct Interest	Indirect Interest
1. Tiong Toh Siong Holdings Sdn. Bhd.	61,950,021 (*1) (32.93%#)	3,507,012 (*2) (1.86%#)
2. Kinta Hijau Sdn. Bhd.	16,937,532 (*3) (9.00%#)	-
3. Raya Abadi Sdn. Bhd.	16,575,033 (8.81%#)	-
4. Teck Sing Lik Enterprise Sdn. Bhd.	4,679,977 (2.49%#)	66,507,033 (*4) (35.35%#)
5. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	1,109,120 (0.59%#)	71,187,010 (*5) (37.84%#)

(*1) 30,000,000 shares, 20,000,000 shares and 1,500,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd., Malaysia Nominees (Tempatan) Sdn. Bhd. and RHB Capital Nominees (Tempatan) Sdn. Bhd. respectively

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

(*3) 6,900,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd.

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

(*5) Deemed interested by virtue of his substantial shareholdings in 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.

\# Excluding 20,869,600 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 30 October 2012

Directors' Interests
as at 30 October 2012

Name	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	70,595 (*1)	0.04	-	-
4. Mr. Tiong Kiong King	1,282,643 (*2)	0.68	-	-
5. YBhg. Dato' Tiong Ing	1,732,513	0.92	458,475 (*3)	0.24
6. Madam Ngu Ying Ping	-	-	21,000 (*4)	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 are held through Public Nominees (Tempatan) Sdn. Bhd.

(*2) 1,219,973 shares and 51,000 shares are held through AMSEC Nominees (Tempatan) Sdn. Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively

(*3) Deemed interested by virtue of her substantial interests in Unique Wood Sdn. Bhd., ETI Blessed Holdings Sdn. Bhd., and the interests of her children in the Company

(*4) Deemed interested by virtue of the interest of her spouse in the Company

Excluding 20,869,600 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 30 October 2012

List of Thirty Largest Securities Accounts Holders
as at 30 October 2012

Names	No. of ordinary shares of RM1.00 each	Percentage %#
1. EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (Upper Lanang)	30,000,000	15.95
2. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (00-33029-004)	20,000,000	10.63
3. Raya Abadi Sdn. Bhd.	16,575,033	8.81
4. Tiong Toh Siong Holdings Sdn. Bhd.	10,450,021	5.55
5. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Credit Suisse (SG BR-TST-ASING)	10,104,220	5.37
6. Kinta Hijau Sdn. Bhd.	10,037,532	5.34
7. Pertumbuhan Tiasa Sdn. Bhd.	8,611,032	4.58
8. Pertumbuhan Abadi Enterprises Sdn. Bhd.	7,522,295	4.00
9. Asanas Sdn. Bhd.	7,200,000	3.83
10. EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Kinta Hijau Sdn. Bhd. (Upper Lanang)	6,900,000	3.67
11. Insan Anggun Sdn. Bhd.	6,800,000	3.61
12. Teck Sing Lik Enterprise Sdn. Bhd.	4,679,977	2.49
13. CIMSEC Nominees (Asing) Sdn. Bhd. - Bank of Singapore Ltd for Union View Investments Limited	4,165,500	2.21
14. CitiGroup Nominee (Asing) Sdn. Bhd. - Exempt AN for UBS AG Singapore (Foreign)	3,864,950	2.05
15. Tiong Toh Siong & Sons Sdn. Bhd.	3,507,012	1.86
16. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for JPMorgan Chase Bank, National Association (JPMINTL BK LTD)	2,967,826	1.58
17. Serrano Group Limited	2,639,490	1.40
18. UOBM Nominees (Asing) Sdn. Bhd. - United Overseas Bank Nominees (Pte) Ltd for Novel Investment Group Limited	1,574,075	0.84
19. RHB Capital Nominees (Tempatan) Sdn. Bhd. - RHB Bank (L) Ltd for Tiong Toh Siong Holdings Sdn. Bhd.	1,500,000	0.80
20. UOBM Nominees (Asing) Sdn. Bhd. - United Overseas Bank Nominees (Pte) Ltd for Max Fortune Resources Inc.	1,449,200	0.77
21. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Datuk Tiong Thai King	1,341,720	0.71
22. AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,213,473	0.65
23. Dato' Tiong Ing	1,211,233	0.64
24. Neoh Choo Ee & Company Sdn. Bhd.	1,200,000	0.64
25. Nustinas Sdn. Bhd.	1,195,950	0.64
26. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	1,109,120	0.59
27. Tiong Toh Siong Enterprises Sdn. Bhd.	1,050,000	0.56
28. Tiong Chiong Ong	528,610	0.28
29. Cartaban Nominees (Tempatan) Sdn. Bhd. - AXA Affin General Insurance Berhad	508,000	0.27
30. Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Dimensional Emerging Markets Value Fund	507,130	0.27
Total	170,413,399	90.58

Excluding 20,869,600 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on the Record of Depositors as at 30 October 2012

Notices of Annual General Meeting, Dividend Entitlement and Payment

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of Subur Tiasa Holdings Berhad ("the Company") will be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak on Thursday, 20 December 2012 at 11.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 July 2012 together with the Reports of the Directors and Auditors thereon.

2. To declare and approve the payment of a first and final dividend of 5.0% per share, less income tax, in respect of the financial year ended 31 July 2012. **Resolution 1**

3. To approve the payment of directors' fees of RM330,000 for the financial year ended 31 July 2012. **Resolution 2**

4. To approve the proposed increase of directors' fees amounting to RM30,000 for the financial year ending 31 July 2013. **Resolution 3**

5. To re-elect Madam Ngu Ying Ping who retires in accordance with Article 86 of the Company's Articles of Association and being eligible, offers herself for re-election. **Resolution 4**

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." **Resolution 5**

7. To consider and if thought fit, to pass the following resolution:

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh be hereby re-appointed as a director of the Company to hold office until the conclusion of the next annual general meeting." **Resolution 6**

8. To re-appoint Messrs. Ernst & Young as the Company's auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

As Special Business

9. To consider and, if thought fit, pass the following ordinary resolution:

   Proposed renewal of authority for purchase of own shares by the Company **Resolution 8**

   "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 Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be hereby unconditionally and generally authorised to purchase and hold on the market of 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 will commence immediately upon passing of this ordinary resolution and will 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."

10. To consider and, if thought fit, pass the following ordinary resolution:

Proposed renewal of and new shareholder mandate for recurrent related party transactions of a revenue or trading nature ("Shareholder Mandate") **Resolution 9**

"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 11) of the Circular to Shareholders dated 28 November 2012 ("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 Shareholder Mandate 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 related party transactions made; and
- the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT such approval will 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 the meeting, the authority is renewed;

(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.

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 Shareholder Mandate.

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

11. To consider and, if thought fit, pass the following special resolution:

Proposed amendments to the Company's Articles of Association **Resolution 10**

"THAT the amendments, modifications and/or additions to the Company's Articles of Association as set out in the Appendix A be hereby approved.

AND THAT the Directors of the Company be hereby authorised to do all acts and take all steps as they may consider necessary or expedient to give full effect to the proposed amendments to the Company's Articles of Association."

12. 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.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a first and final dividend of 5.0% per share, less income tax, in respect of the financial year ended 31 July 2012, if approved at the forthcoming Annual General Meeting, will be paid on 13 March 2013 to depositors whose names appear in the Record of Depositors on 15 February 2013.

A depositor shall qualify for entitlement only in respect of:

(a) shares transferred to the depositor's securities account before 4.00 pm on 15 February 2013 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 : 28 November 2012
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. 8, 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 28 November 2012 for further information.

(b) Ordinary resolution on Shareholder Mandate 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 shareholder mandate.

The proposed resolution No. 9, 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 11) 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.

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

By obtaining the Shareholder Mandate, 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.

(c) Special resolution on proposed amendments to the Company's Articles of Association

The proposed resolution No. 10 is to amend the Company's Articles of Association in line with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Appendix A for further information.

Notes:

1. 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. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

4. 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.

5. To be valid, the duly completed proxy form must be deposited at the registered office of the Company at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

7. A depositor whose name appears in the Record of Depositors as at 14 December 2012 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Appendix A

PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

Article	Existing Provisions	Proposed Amendments
Article 4(b) (Issue and allotment of shares)	no director shall participate in a share scheme for employees unless shareholders in general meeting have approved of the specific allotment to be made to such director.	Every issue of shares or options to employees and/or the Directors shall be approved by the Members in general meeting and no Director shall participate in a scheme involving a new issuance of shares to the employees ("Share Issuance Scheme") unless the Members in general meeting have approved the specific allotment to be made to such Director and unless he holds office in an executive capacity.
Article 15(a) (Allotment and despatch of certificate for an issue)	within fifteen (15) market days of the final applications date for an issue of securities or such other period as may be prescribed by Bursa Securities for issues of securities to the public;	within eight (8) market days of the final application date for an issue of securities or such other period as may be prescribed by the Exchange for issues of securities to the public;
Article 37 (Suspension of registration)	The transfer books and the Record of Depositors and debentures holders may be closed for such period as the Directors may from time to time determine PROVIDED ALWAYS THAT it shall not be closed for more than thirty (30) market days in any year. Any notice of intention to fix a books closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. Such notice shall state the books closing date, which shall be at least ten (10) market days after the date of notification to Bursa Securities. The transfer books and Record of Depositors may be closed for the purpose of determining persons entitled to dividends, interest, or new securities, or rights to a priority of application for issue of securities. The Company shall request the Depository in accordance with the Rules to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the occurrence of the related event.	The transfer books and the Record of Depositors and debentures holders may be closed for such period as the Directors think fit PROVIDED THAT it shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a Books Closing Date and the reason therefor shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. Such notice shall state the Books Closing Date, which shall be at least ten (10) Market Days after the date of notification to the Exchange. The transfer books and Record of Depositors may be closed for the purpose of determining persons entitled to dividends, interest, or new Securities, or rights to a priority of application for issue of Securities. The Company shall request the Depository in accordance with the Rules to issue a Record of Depositors as at a date not less than three (3) Market Days before the occurrence of the related event.
Article 77 (Proxy, qualification and rights of proxy)	A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the Provision of Section 149(1)(b) of the Act shall not apply to the Company. A member may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be presented by each proxy.	(a) A proxy may but need not be a Member of the Company. (b) A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

		(c) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. (d) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
Article 77A (Appointment of at least one (1) proxy)	Where a member is an authorised nominee as defined in the Central Depositors Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
Article 136 (Cash distributions payable by cheque or warrant or through Bank)	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the Members or persons entitled thereto, or if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one (1) of such persons and to such address as such person may in writing direct or through directly crediting of funds into a nominated bank account as provided to the Depository from time to time of such Members or persons entitled thereto or through such other mode of electronic means. Every such cheque or warrant or funds crediting into the bank account of the Members or persons entitled thereto or through such other mode of electronic means shall be made payable to the order of the Members or persons entitled thereto and such payment shall be a good and full discharge to the Company for all payments made in respect of such share, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged or that there is discrepancy in the details of the bank account(s) given by the Members or persons entitled to the payment. Every such cheque and warrant or funds crediting shall be sent or credited at the risk of the Members or persons entitled to the money thereby represented. Where the Members or persons entitled thereto have provided to the Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends out of its accounts.	Any cash distributions (as prescribed by the Exchange from time to time) or other money payable in cash in respect of securities may be paid by cheque or warrant, sent through the post directed to the registered address of the Members or persons entitled thereto, or if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one (1) of such persons and to such address as such person may in writing direct or through directly crediting of funds into a nominated bank account as provided to the Depository from time to time of such Members or persons entitled thereto or through such other mode of electronic means. Every such cheque or warrant or funds crediting into the bank account of the Members or persons entitled thereto or through such other mode of electronic means shall be made payable to the order of the Members or persons entitled thereto and such payment shall be a good and full discharge to the Company for all payments made in respect of such securities, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged or that there is discrepancy in the details of the bank account(s) given by the Members or persons entitled to the payment. Every such cheque and warrant or funds crediting shall be sent or credited at the risk of the Members or persons entitled to the money thereby represented. Where the Members or persons entitled thereto have provided to the Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash distributions out of its account.

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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 Seventeenth Annual General Meeting of the Company to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak on Thursday, 20 December 2012 at 11.30 a.m. 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 and payment of a first and final dividend.		
2	Approval of the directors' fees for the financial year ended 31 July 2012.		
3	Approval of the proposed increase of directors' fees for the financial year ending 31 July 2013.		
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 YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh as Director.		
7	Re-appointment of Messrs. Ernst & Young as auditors.		
8	Proposed renewal of authority for purchase of own shares by the Company.		
9	Proposed renewal of and new shareholder mandate for recurrent related party transactions of a revenue or trading nature.		
10	Proposed amendments to the Company's Articles of Association.		

Shareholding Represented by Proxy 1	
Shareholding Represented by Proxy 2	

Dated this ________ day of ____________________ 2012

____
Signature of shareholder(s)/common seal

Notes :-

(1) 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) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.

(3) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(4) 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.

(5) To be valid, the duly completed proxy form must be deposited at the registered office of the Company at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(7) A depositor whose name appears in the Record of Depositors as at 14 December 2012 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Affix Stamp
Here

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

SUBUR TIASA HOLDINGS BERHAD (341792-W)
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