

ANNUAL REPORT 2015



Contents

2	Financial Highlights
3	Export Market Highlights
4	Corporate Information
5	Profile of Directors
9	Corporate Structure
10	Chairman's Statement
14	Corporate Social Responsibility
18	Awards & Recognition
19	Corporate Governance Statement
30	Additional Compliance Information
32	Statement on Risk Management and Internal Control
34	Audit Committee Report
38	Statement of Directors' Responsibility in respect of the Financial Statements
39	Financial Statements
129	List of Properties
130	Analysis of Shareholdings
131	List of Substantial Shareholders
131	Directors' Interests
132	List of 30 Largest Securities Accounts Holders
133	Notice of Annual General Meeting
137	Nomination Letter
	Proxy Form



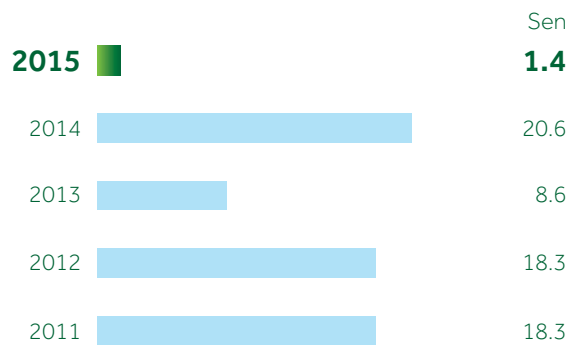
FINANCIAL HIGHLIGHTS

	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Revenue	627,844	665,844	768,843	887,116	753,947
Profit Before Tax	48,137	47,145	20,086	50,974	2,366
Profit After Tax	34,425	34,340	16,092	38,627	2,555
Shareholders' Fund	628,498	655,695	664,796	705,904	673,509
Earnings Per Share (Sen)	18.3	18.3	8.6	20.6	1.4
Return on Shareholders' Fund (%)	5.48	5.24	2.42	5.47	0.38
Net Assets Per Share (RM)	3.34	3.49	3.53	3.75	3.58

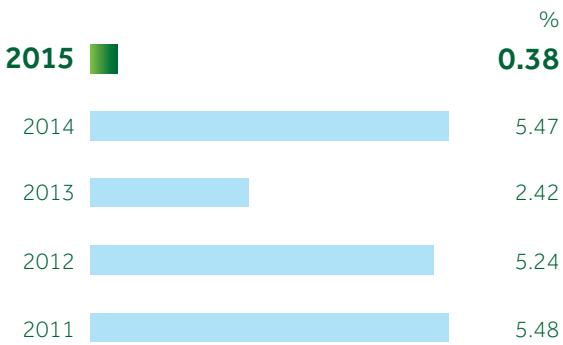
REVENUE



EARNINGS PER SHARE



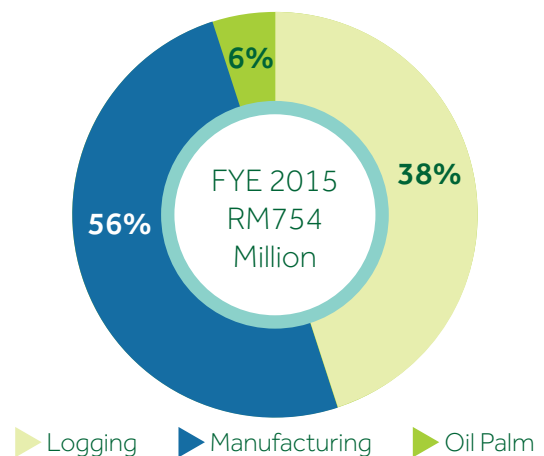
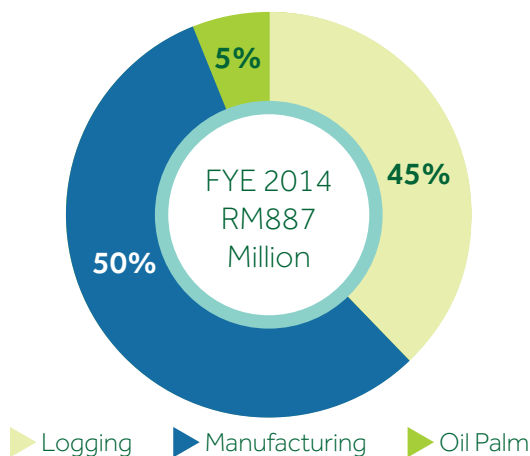
RETURN ON SHAREHOLDERS' FUND



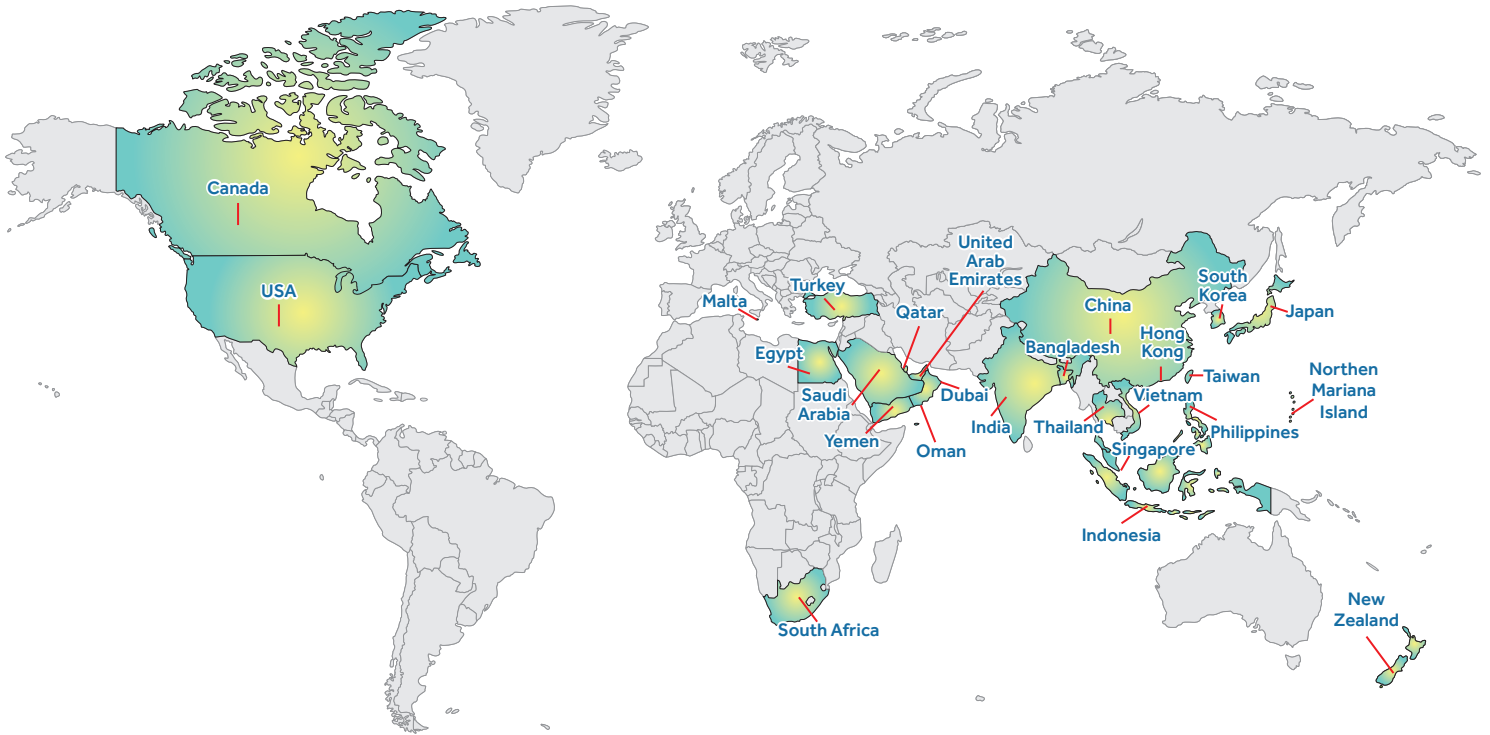
TOTAL ASSETS



BREAKDOWN OF REVENUE BY SEGMENT

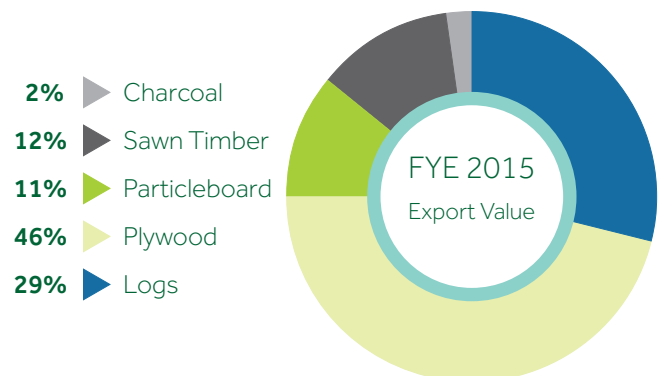
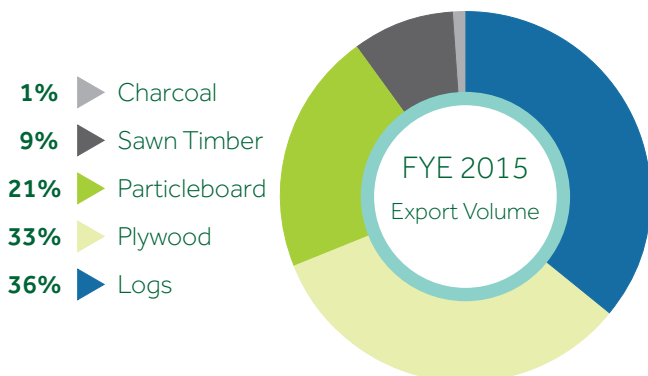
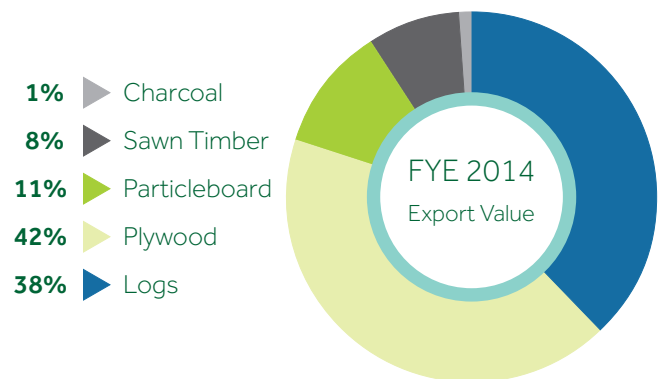
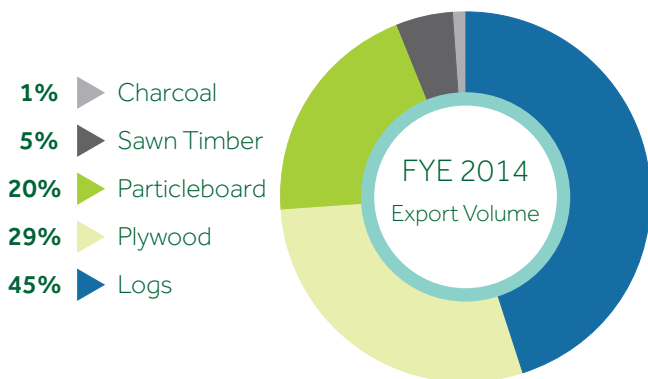


EXPORT MARKET HIGHLIGHTS



EXPORT VOLUME IN %

EXPORT VALUE IN %



CORPORATE INFORMATION

Board of Directors

Mr. Tiong Kiong King

Chairman, Non-Independent Non-Executive Director

YBhg. Dato' Tiong Ing

Managing Director

Madam Ngu Ying Ping

Senior Independent Director

YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh

Independent Director

Mr. Tiong Ing Ming

Independent Director

Mr. Poh Kee Eng

Non-Independent Non-Executive Director

Company Secretaries

Ling Chieh Min (MIA 18531)

Voon Jan Moi (MAICSA 7021367)

Registered Office

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

Tel : 084-211 555

Fax : 084-211 545

E-mail : info@suburtiasa.com.my

Website : www.suburtiasa.com.my

Registrar

Symphony Share Registrars Sdn. Bhd.

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-7841 8000

Helpdesk Tel No : 03-7849 0777

Fax : 03-7841 8151/ 03-7841 8152

Principal Bankers

United Overseas Bank (Malaysia) Berhad

Malayan Banking Berhad

CIMB Bank Berhad

RHB Bank Berhad

Hong Leong Bank Berhad

Ambank (M) Berhad

Bank of China (Malaysia) Berhad

Affin Bank Berhad

Auditors

Ernst & Young (AF:0039)

3rd Floor, Wisma Bukit Mata Kuching

93100 Kuching, Sarawak

Tel : 082-243 233

Fax : 082-421 287

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Stock name

SUBUR

Stock Code

6904

PROFILE OF DIRECTORS

MR. TIONG KIONG KING

Chairman

Non-Independent Non-Executive Director

Age 68, Malaysian

Mr. Tiong Kiong King was appointed to the Board of Directors ("Board") of Subur Tiasa Holdings Berhad on 21 June 1997 and was subsequently appointed as Chairman of the Board on 19 March 2013. He is also a member of the Nomination and Remuneration Committees of the Company.

Mr. Tiong Kiong King has more than 44 years of managerial experience in the timber industry in various capacities. Presently, Mr. Tiong also holds key posts in several non-government organisations. Among them, he is the Life Honorary President for Sibu Chinese Chamber of Commerce and Industry, Vice President of World Federation of Fuzhou Association Limited, Life Honorary President of Persekutuan Persatuan-Persatuan Foochow Sarawak, Honorary Chairman of the World Zhang Clan Association Limited and Chairman of Persatuan Klan Zhang Negeri Sarawak. He is also the Vice Chairman of a public listed company, Rimbunan Sawit Berhad.



YBHG. DATO' TIONG ING

Managing Director

Age 58, Malaysian

YBhg. Dato' Tiong Ing was first appointed to the Board of Subur Tiasa Holdings Berhad on 25 July 2001 and was subsequently appointed as the Managing Director on 1 October 2003. Educated in Canada in Bachelor of Arts, majoring in Business Administration, YBhg. Dato' Tiong Ing is a licensed company secretary and has more than 34 years hands on experience, in-depth knowledge and extensive market network in the timber industry.

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

YBhg. Dato' Tiong Ing was a director of EON Bank Berhad between 2009 and 2011 and sat on the Bank's Board Group Credit Committee. EON Bank Berhad was a licensed banking and finance company operated under the regulations of Bank Negara Malaysia and governed by Banking Financial Institution Act 1989 repealed by the current Financial Services Act 2013. It was merged to Hong Leong Bank Berhad in July 2011.

She is also a Council Member of Sarawak Timber Association since 2008 until present. Currently, she is a Council Member for logs marketing and a Panel Product Committee Member. The association has approximately 430 members from companies involved in timber and timber related industries and trades.



PROFILE OF DIRECTORS (contd.)

MADAM NGU YING PING

Senior Independent Director
Age 55, Malaysian

Madam Ngu Ying Ping joined the Board of Subur Tiasa Holdings Berhad on 29 June 2009. She was subsequently appointed as the Chairperson of Audit, Remuneration and Nomination Committees of the Company on 19 March 2013.

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



YBHG. TEMENGGONG DATUK KENNETH KANYAN ANAK TEMENGGONG KOH

Independent Director
Age 73, Malaysian

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

YBhg. Temenggong Datuk Kenneth Kanyan graduated from Chartered Institute of Business Administration, Ireland. He was the Political Secretary to YAB Chief Minister of Sarawak from 1967 to 1970. He served as Political Secretary to Federal Minister for Sarawak Affairs and a member of Council Negeri Sarawak from 1970 to 1974. From 1974 to 1981, he was the Political Secretary to YAB Deputy Prime Minister and YAB Prime Minister of Malaysia. He also served as a Senator from 1981 to 1987.

YBhg. Temenggong Datuk Kenneth Kanyan was conferred the title of Datuk, Darjah Bintang Kenyalang Sarawak (PGBK) on 16 September 1988 and was appointed as a paramount Iban Chief with the title of Temenggong for the Kapit Division by the State Government of Sarawak on 24 April 2003, in recognition of his contribution to the community. He also sits on the Board of Media Chinese International Ltd., a company incorporated in Hong Kong and dually listed on both the Stock Exchange of Hong Kong Limited and Bursa Malaysia Securities Berhad.



PROFILE OF DIRECTORS (contd.)

MR. TIONG ING MING

Independent Director

Age 58, Malaysian

Mr. Tiong Ing Ming joined the Board of Subur Tiasa Holdings Berhad on 19 March 2013 and he is a member of the Audit, Nomination and Remuneration Committees of the Company.

Mr. Tiong Ing Ming graduated with a Bachelor of Building (Hons) from University of Melbourne, Australia in 1982 and began his career in a consulting quantity surveying practice since 1994. He is a registered quantity surveyor of the Board of Quantity Surveyors, Malaysia and a member of the Institution of Surveyors Malaysia. He also sits on the Board of a public listed company, Rimbunan Sawit Berhad.



MR. POH KEE ENG

Non-Independent Non-Executive Director

Age 66, Malaysian

Mr. Poh Kee Eng joined the Board of Subur Tiasa Holdings Berhad on 14 September 2015 and he is a member of the Audit and Remuneration Committees of the Company.

Mr. Poh Kee Eng graduated with a Bachelor of Science (Hons) and Diploma in Education from University of Malaya in 1975 and began his career as a teacher, and subsequently as a School Inspector of Sarawak Education Department Kuching and then a School Principal from 1976 to 2005. He joined Subur Tiasa Holdings Berhad as a Human Resources Manager in 2005. He then served as Senior Manager, Administration and Human Resources Department and was also in charge of Corporate Social Responsibility of STH Group from 2007 to 2014. During his tenure with STH, he had extensive exposure to logging, manufacturing and oil palm operations. He also has vast experience in management and training. He does not hold directorship in any other public company.

PROFILE OF DIRECTORS (contd.)

OTHER INFORMATION OF DIRECTORS:

- (i) Family Relationship
None of the Directors have any family relationship with each other or the major shareholders of the Company, except as disclosed below:
- Mr. Tiong Kiong King is a brother of YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and an uncle to YBhg. Dato' Tiong Ing, who is the Managing Director of the Company.
 - YBhg. Dato' Tiong Ing is the daughter of YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and a niece to Mr. Tiong Kiong King who is also a Director of the Company.
- (ii) Conflict of Interest
None of the Directors have any conflict of interests with the Company.
- (iii) List of Convictions for Offences
All the Directors have no convictions for any offences within the past 10 years.
- (iv) Attendance of Directors at Board Meetings
There were four (4) Board Meetings held during the financial year ended 31 July 2015. Details of attendance of each Director at Board Meetings are as stipulated in the Corporate Governance Statement set out on page 26 of this annual report.
- (v) Securities holdings in the Company and its subsidiaries
The Directors' shareholdings as at 30 October 2015 are as disclosed on page 131 of this annual report.

CORPORATE STRUCTURE

As At 30 October 2015



SUBUR TIASA HOLDINGS BERHAD

(341792-W)

LOGGING OPERATIONS

- 100% - Saraju Holding Sdn. Bhd. (179762-K)
- 100% - JPH Logging Sdn. Bhd. (809224-M)
- 100% - Subur Tiasa Forestry Sdn. Bhd. (323421-T)
- 100% - Sarawak Plywood (M) Sdn. Bhd. (012934-U)

MANUFACTURING OPERATIONS

- 100% - Subur Tiasa Plywood Sdn. Bhd. (167681-D)
- 100% - Subur Tiasa Particleboard Sdn. Bhd. (198523-K)
- 100% - Borneo Lumber Industries Sdn. Bhd. (34515-V)
- 100% - Grace Million Sdn. Bhd. (624862-D)
- 100% - Excelle Timber Sdn. Bhd. (761744-T)
- 100% - Trimogreen Sdn. Bhd. (190362-D)
- 100% - R H Timber Processing Industries Sdn. Bhd. (48217-K)
- 100% - Diamond Biowood Sdn. Bhd. (750284-A)
- 100% - AA Plywood Sdn. Bhd. (752393-M)
- 100% - Semarak Veneer & Plywood Sdn. Bhd. (230578-K)
- 100% - Homet Raya Sdn. Bhd. (189955-D)
- 100% - Mamo Sdn. Bhd. (1012769-P)
- 100% - Momamizu Sdn. Bhd. (1014468-D)
- 100% - Onfire Charcoal Sdn. Bhd. (1019826-W)
- 100% - Momaworld Sdn. Bhd. (1032328-H)
- 100% - Momawater Sdn. Bhd. (1033245-V)
- 100% - Merri Sdn Bhd (1057611-U)
- 100% - Merri Mee Sdn Bhd (1067347-D)
- 100% - Merri Marketing Sdn Bhd (1067349-P)

PLANTATION OPERATIONS

- 100% - Palmlyn Sdn. Bhd. (614569-U)
- 100% - Infrapalm Sdn. Bhd. (769262-T)
- 100% - Blessings Palm Sdn. Bhd. (776528-A)
- 100% - Tiasa Palm Sdn. Bhd. (809230-X)
- 100% - Victory Round Sdn. Bhd. (751569-X)
- ▶ 60% - Victory Pelita Kabah Sdn. Bhd. (1015888-K)

OTHERS

- 100% - T.Q. Oriental Sdn. Bhd. (257848-D)
- 100% - Supreme Standard Development Sdn. Bhd. (717556-V)
- 100% - Allied Asiatic Sdn. Bhd. (734184-M)
- 100% - Joyful Realty Sdn. Bhd. (770831-M)
- 100% - JPH Enterprise Sdn. Bhd. (771097-V)
- 100% - Blessings Realty Sdn. Bhd. (775270-M)
- 100% - Tiasa Cergas Sdn. Bhd. (935519-H)
- 100% - Tiasa Mesra Sdn. Bhd. (938319-P)
- 100% - United Superland Sdn. Bhd. (1090607-K)
- 100% - Subur Properties Sdn. Bhd. (1151173-H)
- ▶ 100% - Tiasa Heights Sdn. Bhd. (1151223-H)
- ▶ 100% - Prestige Superland Sdn. Bhd. (1151205-M)
- 100% - Subur Tiasa R&D Sdn. Bhd. (1157521-A)

CHAIRMAN'S STATEMENT

ON BEHALF OF THE BOARD OF DIRECTORS OF SUBUR TIASA HOLDINGS BERHAD, IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 JULY 2015.



Mr. Tiong Kiong King [Chairman]

FINANCIAL PERFORMANCE

The financial year under review saw the Group undergoing through a challenging year, with the global economy continued to expand during 2014 at a moderate and uneven pace, as the prolonged recovery process from the global financial crisis was still saddled with unfinished post-crisis adjustments. While US economy has demonstrated momentum, there was uncertainty over policy in other key advanced economies and lackluster growth in Eurozone. The moderating growth in China and heightened geopolitical tension arising from the crises in the Middle East and eastern Ukraine has also weakened the demand for timber products. On the domestic front, the increasing cost of production due to escalating raw material and labour cost has exerted pressure on the Group's profit margin.

Nevertheless, riding on the solid fundamentals built in our core businesses and resilient management team, Subur Tiasa Holdings Berhad ("Subur Tiasa") continued to reap positive results in this challenging year. The Group recorded revenue of RM753.9million, a 15% lower as compared to RM887.1 million in previous financial year. This was mainly attributed to the lower export logs sales volume and average selling price of crude palm oil (CPO). Profit before tax was RM2.4 million while profit after tax was RM2.6 million, translating to earnings per share of 1.4 sen. Net assets per share stood at RM3.58 per share as at end of financial year ended 31 July 2015.

DIVIDENDS

The Board did not recommend final dividend to be paid for the financial year ended 31 July 2015.

CHAIRMAN'S STATEMENT (contd.)

OPERATIONS REVIEW

Logging and Reforestation

The logging and reforestation segment contributed to 38% of the total Group's revenue, with India remaining as our major export destination followed by Taiwan, Vietnam and China. The firm market demand coupled with the tightening of logs supply and strong US Dollar against Ringgit Malaysia have pushed up the average export logs selling price during the year. More stringent control by the local government had also helped in stabilizing the logs prices.

On production front, the unfavorable weather conditions as well as the impoundment of the Bakun hydroelectric dam continuously hindered logs transportation for exports and local mills. The Group has revitalized all critical logs handling and extraction points, consolidated and streamlined the logging operations to minimize the impact of increasing operating costs exerted from various supply chains and ensured efficiency in logistical planning to preserve logs freshness and quality.

The Group takes cognizant that reforestation is a crucial integral component of its logging operations and downstream manufacturing. The Group continues to manage the reforestation and monitor the planted tree growth through research and development so as to achieve optimal survival and growth rates of the planted species such as Acacia, Eucalyptus, Kelampayan and Paraserianthes Falcataria. The Group's unfaltering commitment in replanting to ensure sustainability of biodiversity in Sarawak and continuity of raw material supply for downstream activities echoes well with our Group's core Mission of "Care for Environment and Communities".



Manufacturing

Manufacturing of plywood, particleboard, sawn timber and briquette charcoal, continued to be the key contributor, accountable for 56% of the Group's revenue. Revenue decreased marginally by 3% to RM424.5 million as compared to FY2014. The particleboard plant, biomass cogeneration power plant which converts wood waste into fuel as a renewable source of energy for the consumption of our factories and the further expansion of charcoal operations during the year, supported the Group's integrated business hub where all the wood waste from our upstream and downstream activities are further value-added to maximize returns and mitigate wastage of natural resources.

Plywood

Plywood continued to be the key contributor to the manufacturing segment's revenue, backed by the strong US Dollar against Ringgit Malaysia which has pushed up the average export selling price despite the decrease in export sales volume. The Group's export markets remained predominantly South Korea, Taiwan, Middle East and Philippines, with increasing market shares from some emerging markets. Armed with JAS certification, California Air Resources Board (CARB) Certification, CE Marking System Certification, Wood Packaging Treatment Certification and ISO9001:2008, we consistently deliver superior quality plywood products to our customers with wider range of value-added products.

The Group will adopt a dynamic strategic approach in its production strategy to contain increasing operating and raw material costs, and monitor closely the scale of production of plywood to achieve an optimum volume of production. Concurrently, the Group will strengthen and enhance its competitive edge by harnessing its production technology to improve operational efficiency, maximize the product recovery rate and quality.

CHAIRMAN'S STATEMENT (contd.)

Particleboard

Particleboard remained a steady performer and continued to deliver positive earnings contribution to the Group. The upswing in export selling price was backed by strengthening of US Dollar against Ringgit Malaysia, the increased consumption from furniture production and residential improvements. Main export markets remain emerging economies in South East Asia.

The Group continues to ensure our particleboard's quality is well recognized across the globe via certification from the Japan Ministry Certification (JIS F 4 star), the CARB, and ISO9001:2008 Certification. We uphold our commitment to superior product quality, reliability of supplies and good business ethics. The Group is confident that Subur Tiasa, as the preferred supplier of premium particleboard, will remain steadfast in strengthening and diversifying its market share in the global market and deliver utmost customer satisfaction.

Plantation

Fresh Fruit Bunch (FFB) revenue contributed 6% of the total revenue of the Group during FY2015. The oil palm segment was impacted by the sharp decline of CPO price by 13% from average of RM2,531 per metric ton (MT) in FY2014 to average of RM2,200 per MT. CPO price was generally on the downtrend since January 2015 before trending slightly higher in May 2015.

As at 31 July 2015, the Group's planted areas increased by 13% to 10,300 hectares spreading over a total land bank of 26,800 hectares. The Group's FFB production increased by 4% to 109,519MT from 104,949MT in previous year, in line with more crops going into prime age maturity profile. The progressive increase in planted areas and maturity profile of the crops will envisage the oil palm segment to tap its upside potential in enhancing its share of contribution to the Group when the CPO prices start to trend upwards.

To ensure continued growth and sustainability of the Group's plantation activity, the Group continues to embrace good agricultural practice to further improve the yield per hectare and fruit quality with higher oil extraction rate. We strive to improve the operational efficiency by embarking on various initiatives including upgrading of estate infrastructure and mechanisation program especially on the infield FFB evacuation to optimize the deployment of labour and overcome the labour shortage faced by plantation sectors nationwide.

CORPORATE DEVELOPMENT

In tandem with its business development and diversification strategy, the Group has continued to leverage its information and communication technology infrastructure and embark on new initiatives to help catalyze and propel its business into its next phase of growth. In compliance with Malaysia GST regulations, the Group embarked on a comprehensive system upgrade exercise that began in Q4 of FY2014 and has come to fruition in FY2015 as its GST-compliant system went live on 1 April 2015. Among various other vital system enhancement initiatives underpinning its strategic business direction, the Group has adopted an advanced warehouse management system that drives a fully automated storage and retrieval system, a pivotal enabler of its new state-of-the-art MOMA water factory that is scheduled to come online in FY2016.

The Group has always regarded its human capital as a valuable asset and bedrock of the Group. Central to its human capital enhancement initiatives is to promote and orientate a high performance and result-oriented culture which is founded on a balanced work-life, health and safety. The Group has cultivated succession planning at all levels of the organisation to ensure smooth transition while continues to engage in various training initiatives to enhance the value of human capital.

CHAIRMAN'S STATEMENT (contd.)

GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to embracing good corporate governance and corporate social responsibility in our business practices and operations. We are always mindful of conducting business in an ethical, sustainable and socially responsible manner, taking into accounts the interests of all its stakeholders. We endeavour to go beyond philosophical and philanthropic commitment and recognize the responsibility to manage the impact of our business to the community.

PROSPECTS

Global growth for 2015 is projected at 3.1 percent, lower than in 2014 according to IMF in October 2015. Prospects across the main countries and regions remain uneven, with slight pickup in recovery in advanced economies, and slow down in emerging market and developing economies particularly due to declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility. Nevertheless, the Ministry of Finance expects the Malaysian economy to sustain its positive growth trajectory and expand by 4.0% to 5.0% in 2016. The strong US Dollar against Ringgit Malaysia favours our export sales which are predominantly in US Dollar and hence will be beneficial to the Group.

Prices for logs and timber products are expected to remain firm in anticipation of tight supply of logs and robust demand from importing countries. The oil palm segment's performance would continue to be driven by the CPO price movement which is correlated to the world edible oil and related markets. While our palm trees have entered into prime age profile with improving yield per hectare, we expect to see an upward trend in the profit contribution from the oil palm segment in the wake of CPO price recovery in the long run.

The Group will continue to focus on improving the existing business segments while diversifying into other business segments in order to deliver sustainable profitability and value creation. The Group adopts a resilient business model and is committed to strategic streamlining of its operations, maximizing the utilization of resources, optimizing the integrated supply chain and strengthen products branding. The Group will build on the momentum of its engine of growth and gear its relentless efforts towards achieving sustainable long term growth.

APPRECIATION

I would like to express my heartfelt thanks to my fellow Board members for their invaluable support and contribution. I am also very grateful to the resilient and resourceful Managing Director, YBhg. Dato' Tiong Ing, the management team and the employees of the Group for their commendable dedication, commitment and perseverance.

On behalf of the Board and Subur Tiasa, I wish to convey our gratitude and appreciation to YBhg. Datuk William Lau Kung Hui who resigned as Independent Director of Subur Tiasa for his contribution to the Board during the past 18 years since the listing of Subur Tiasa on the Main Board of Bursa Malaysia Securities Berhad. We wish him all the best in his future undertakings. I would also like to extend a warm welcome to our new Director, Mr. Poh Kee Eng who joined the Board in September 2015.

Last but not least, my appreciation also goes to our valued customers, suppliers, financial institutions, business associates, various regulatory bodies and shareholders, for your continuous support and confidence in Subur Tiasa.

Tiong Kiong King
Chairman