



SUBUR TIASA HOLDINGS BHD (341792-W)

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Condensed Consolidated Income Statements
For the quarter ended 31 January 2009

| | (UNAUDITED) | | (UNAUDITED) | |
|---|--|--|--|---|
| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
| | CURRENT YEAR QUARTER 31/01/2009 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31/01/2008 RM'000 | CURRENT YEAR TO DATE 31/01/2009 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31/01/2008 RM'000 |
| Revenue | 114,240 | 144,891 | 252,325 | 305,071 |
| Operating expenses | (110,194) | (135,710) | (237,789) | (279,619) |
| Other operating expenses | (4,538) | (4,639) | (9,076) | (9,278) |
| Other operating income | 2,388 | 1,214 | 6,287 | 2,906 |
| Operating profit | 1,896 | 5,756 | 11,747 | 19,080 |
| Finance costs | (1,795) | (919) | (3,085) | (1,834) |
| Profit before tax | 101 | 4,837 | 8,662 | 17,246 |
| Taxation | 154 | (573) | (5,225) | (3,227) |
| Profit for the period wholly attributable to equity holders of the Company | 255 | 4,264 | 3,437 | 14,019 |
| | Sen | Sen | Sen | Sen |
| Earnings per share attributable to equity holders of the Company: | | | | |
| - Basic | 0.13 | 2.26 | 1.82 | 7.42 |
| - Diluted | N/A | N/A | N/A | N/A |

Note: N/A: Not Applicable

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 July 2008 and the accompanying explanatory notes attached to the quarterly report.



Condensed Consolidated Balance Sheet

As At 31 January 2009

| | (UNAUDITED) AS AT END OF CURRENT QUARTER 31/01/2009 RM'000 | (AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/07/2008 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant & equipment | 451,037 | 426,731 |
| Prepaid lease payments | 43,164 | 44,600 |
| Investment properties | 18,013 | 18,449 |
| Intangible assets | 65,058 | 75,085 |
| Long term assets | 32,075 | 42,219 |
| Deferred tax assets | 13,499 | 14,177 |
| | <u>622,846</u> | <u>621,261</u> |
| Current assets | | |
| Inventories | 145,441 | 103,256 |
| Trade and other receivables | 55,629 | 50,253 |
| Tax recoverable | 2,801 | 5,649 |
| Cash and bank balances | 44,796 | 65,059 |
| | <u>248,667</u> | <u>224,217</u> |
| TOTAL ASSETS | <u><u>871,513</u></u> | <u><u>845,478</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company: | | |
| Share capital | 209,000 | 209,000 |
| Share premium | 59,680 | 59,680 |
| Treasury shares | (53,640) | (53,570) |
| Retained earnings | 357,552 | 354,115 |
| Total equity | <u>572,592</u> | <u>569,225</u> |
| Non-current liabilities | | |
| Borrowings | 94,413 | 91,060 |
| Deferred tax liabilities | 19,562 | 18,305 |
| | <u>113,975</u> | <u>109,365</u> |
| Current liabilities | | |
| Borrowings | 75,039 | 35,610 |
| Trade and other payables | 107,504 | 129,488 |
| Tax payables | 2,403 | 1,790 |
| | <u>184,946</u> | <u>166,888</u> |
| Total liabilities | <u>298,921</u> | <u>276,253</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>871,513</u></u> | <u><u>845,478</u></u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 3.03 | 3.01 |
| Number of shares net of treasury shares ('000) | 188,953 | 189,000 |

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 July 2008 and the accompanying explanatory notes attached to the quarterly report.



Condensed Consolidated Statements of Changes in Equity
For the quarter ended 31 January 2009

| | Attributable to Equity Holders of the Company | | | | Total |
|-------------------------------------|--|--|------------------------|--|----------------|
| | Share capital | Non-Distributable Share premium | Treasury shares | Distributable Retained earnings | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Six Months | | | | | |
| <u>Ended 31 January 2009</u> | | | | | |
| At 1 August 2008 | 209,000 | 59,680 | (53,570) | 354,115 | 569,225 |
| Profit for the period | - | - | - | 3,437 | 3,437 |
| Purchase of treasury shares | - | - | (70) | - | (70) |
| At 31 January 2009 | <u>209,000</u> | <u>59,680</u> | <u>(53,640)</u> | <u>357,552</u> | <u>572,592</u> |
| Six Months | | | | | |
| <u>Ended 31 January 2008</u> | | | | | |
| At 1 August 2007 | 200,000 | 59,680 | (53,570) | 342,240 | 548,350 |
| Profit for the period | - | - | - | 14,019 | 14,019 |
| Dividends | - | - | - | (3,942) | (3,942) |
| At 31 January 2008 | <u>200,000</u> | <u>59,680</u> | <u>(53,570)</u> | <u>352,317</u> | <u>558,427</u> |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2008 and the accompanying explanatory notes attached to the quarterly report.



Condensed Consolidated Cash Flow Statements
For the quarter ended 31 January 2009

| | (UNAUDITED) | |
|--|--|---|
| | CURRENT YEAR TO DATE ENDED 31/01/2009 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/01/2008 RM'000 |
| Cash Flows from Operating Activities | | |
| Profit before taxation | 8,662 | 17,246 |
| Adjustments for : | | |
| Amortisation of intangible assets | 10,027 | 10,228 |
| Amortisation of plantation development expenditure | 75 | - |
| Amortisation of prepaid land lease | 339 | 212 |
| Depreciation of property, plant and equipment | 27,293 | 21,713 |
| Depreciation of investment properties | 436 | 433 |
| Property, plant and equipment written off | 1 | 3 |
| Net gain on disposal of property, plant and equipment | (146) | (339) |
| Interest expense | 3,085 | 1,834 |
| Interest income | (695) | (1,044) |
| Operating profit before working capital changes | 49,077 | 50,286 |
| Changes in working capital : | | |
| Inventories | (42,185) | 34,059 |
| Trade and other receivables | 4,768 | (31,071) |
| Trade and other payables | (21,983) | (34,562) |
| Cash (used in)/generated from operations | (10,323) | 18,712 |
| Interest paid | (3,085) | (2,527) |
| Tax paid | (2,806) | (7,932) |
| Tax refund | 2,976 | 1,059 |
| Net cash (used in)/generated from operating activities | (13,238) | 9,312 |
| Cash Flows from Investing Activities | | |
| Acquisition of subsidiaries | - | (6,287) |
| Purchase of property, plant and equipment | (35,867) | (32,211) |
| Proceeds from disposal of property, plant and equipment | 345 | 439 |
| Purchase and subsequent expenditure of investment properties | (2) | (34) |
| Interest received | 695 | 1,044 |
| Net cash used in investing activities | (34,829) | (37,049) |
| Cash Flows from Financing Activities | | |
| Proceeds from drawdown of term loan | 6,366 | 7,274 |
| Proceeds from drawdown of bankers' acceptance | 10,657 | 3,390 |
| Proceeds from drawdown of revolving credit | 34,500 | - |
| Repayment of term loan | (2,504) | - |
| Repayment of bankers' acceptance | - | (4,461) |
| Repayment of hire purchase | (11,145) | (8,949) |
| Repayment of revolving credit | (10,000) | - |
| Acquisition of treasury shares | (70) | - |
| Net cash generated from/(used in) financing activities | 27,804 | (2,746) |
| Net change in cash and cash equivalents | (20,263) | (30,483) |
| Cash and cash equivalents at beginning of period | 65,059 | 86,945 |
| Cash and cash equivalents at end of period | 44,796 | 56,462 |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 July 2008 and the accompanying explanatory notes attached to the quarterly financial report.



NOTES :

Note 1 Basis of Preparation

The quarterly report is unaudited and has been prepared in accordance with revised FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quarterly report should be read in conjunction with the Group’s audited financial statements for the year ended 31 July 2008. These explanatory notes attached to the quarterly report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 July 2008.

Note 2 Changes in Accounting Policies

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 July 2008.

The Group has not early adopted the following FRSs and Issues Committee Interpretations which have effective dates as follows:

| | | Effective for financial periods beginning on or after |
|----------------------|--|---|
| FRS 4 | Insurance Contracts | 1 January 2010 |
| FRS 7 | Financial Instruments: Disclosures | 1 January 2010 |
| FRS 8 | Operating Segments | 1 July 2009 |
| FRS 139 | Financial Instruments: Recognition and Measurement | 1 January 2010 |
| IC Interpretation 9 | Reassessment of Embedded Derivatives | 1 January 2010 |
| IC Interpretation 10 | Interim Financial Reporting & Impairment | 1 January 2010 |

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

Note 3 Comparatives

The following comparative amounts have been restated in accordance with FRS133, following the bonus issue on 17 March 2008:

| Description of change | As previously stated | (Decrease) | As restated |
|---|----------------------|-------------------------------|-------------|
| | | Effects of bonus shares issue | |
| Three months ended 31 January 2008 | | | |
| Earnings per share attributable to equity holders of the Company: | | | |
| - Basic (sen) | 2.37 | (0.11) | 2.26 |



| Description of change | As previously stated | (Decrease) | As restated |
|---|----------------------------|-------------------------------------|----------------|
| | | Effects of bonus shares issue | |
| Six months ended 31 January 2008 | | | |
| Earnings per share attributable to equity holders of the Company: | | | |
| - Basic (sen) | 7.79 | (0.37) | 7.42 |

Note 4 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 July 2008 was not qualified.

Note 5 Seasonal or Cyclical factors

Timber operations are, to a certain extent, affected by weather condition especially for logging operations. In addition, the four seasons also had some impact on the buying patterns of traditional buyers of timber products.

Note 6 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year-to-date.

Note 7 Changes in Estimates

There were no changes in estimates of amounts reported in prior quarters that have a material effect in the current quarter and financial year-to-date.

Note 8 Debt and Equity Securities

There were no shares buy-back during the current quarter under review. The monthly breakdown of shares bought back for the financial year-to-date were as follows:-

| Month | No. of shares | Purchase price per share | | Average cost per share (RM) | Total cost (RM) |
|----------------|---------------|--------------------------|--------------|-----------------------------|-----------------|
| | | Lowest (RM) | Highest (RM) | | |
| August 2008 | - | - | - | - | - |
| September 2008 | - | - | - | - | - |
| October 2008 | 46,800 | 1.42 | 1.58 | 1.49 | 69,573 |
| November 2008 | - | - | - | - | - |
| December 2008 | - | - | - | - | - |
| January 2009 | - | - | - | - | - |
| TOTAL | 46,800 | | | 1.49 | 69,573 |



All the shares purchased to-date were held as treasury shares in accordance with the requirements of Section 67A of the Companies Act 1965. There has been no resale or cancellation of treasury shares during the period under review.

Apart from the above, there were no issuances and repayments of debt and equity securities for the current quarter and financial year-to-date.

Note 9 Dividends Paid

There was no dividend paid during the current quarter under review.

Note 10 Segmental Information

Segmental revenue and profit before taxation for the current financial year-to-date by the respective operating divisions are as follows:-

| | <u>Logging</u> | <u>Manufacturing</u> | <u>Others</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---------------------------|----------------|----------------------|---------------|---------------------|---------------------|
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Revenue | | | | | |
| External revenue | 97,764 | 138,796 | 15,765 | - | 252,325 |
| Intersegment revenue | 68,885 | 179 | 9,997 | (79,061) | - |
| Total revenue | <u>166,649</u> | <u>138,975</u> | <u>25,762</u> | <u>(79,061)</u> | <u>252,325</u> |
| Results | | | | | |
| Operating profit | (2,321) | 13,438 | 630 | - | 11,747 |
| Finance costs | | | | | (3,085) |
| Profit before tax | | | | | 8,662 |
| Tax | | | | | (5,225) |
| Net profit for the period | | | | | <u>3,437</u> |

Note 11 Valuations of Property, Plant and Equipment

There has been no valuation undertaken for the Group's property, plant and equipment since the last annual financial statements.

Note 12 Subsequent Events

There were no material events subsequent to the end of the current quarter that has not been reflected in the financial statement.

Note 13 Changes in the Composition of the Group

There were no changes in the composition of the Group in the current quarter under review.



Note 14 Changes in Contingent Liabilities and Contingent Assets

The contingent liabilities represent corporate guarantees in respect of banking facilities granted to subsidiary companies.

As at 31 January 2009, the amount of banking facilities utilised which were secured by corporate guarantees increased by RM37,252,847 from RM41,569,600 as at 31 July 2008 (last annual balance sheet) to RM78,822,447 as at 31 January 2009.

Note 15 Capital Commitments

| | As at 31.01.2009 RM'000 | As at 31.7.2008 RM'000 |
|-----------------------------------|--|---------------------------------------|
| Authorised and contracted for | 29,386 | 40,941 |
| Authorised but not contracted for | 8,857 | 20,196 |
| | <hr/> | <hr/> |
| | 38,243 | 61,137 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Analysed as follows: | | |
| Property, plant and equipment | 38,243 | 61,137 |
| | <hr/> | <hr/> |
| | 38,243 | 61,137 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note 16 Review of Performance

In the current quarter under review, the Group achieved lower revenue of RM114.24 million, a decrease of RM30.65 million or 21% as compared to RM144.89 million in the preceding year corresponding quarter. The Group recorded profit before tax of RM0.10 million and profit after tax of RM0.26 million as compared to RM4.84 million and RM4.26 million respectively in the preceding year corresponding quarter.

For the current financial year-to-date, the Group achieved lower revenue of RM252.33 million, a 17% decrease when compared to revenue of RM305.07 million in the preceding year corresponding period. The Group recorded profit before tax of RM8.66 million and profit after tax of RM3.44 million as compared to profit before tax of RM17.25 million and profit after tax of RM14.02 million in the preceding year corresponding period.

The decrease in revenue in the current quarter and financial year-to-date as compared to the corresponding period was mainly attributable to the lower plywood export sales revenue arising from lower plywood export sales volume. The decrease in profit before tax in the current quarter and financial year-to-date as compared to preceding year corresponding period, was mainly due to lower plywood sales volume, coupled with lower export logs selling prices and lower logs sales volume, as a result of lower production due to wet weather as well as festive seasons.



Note 17 Variation in the Quarterly Results Compared to the Results of the Immediate Preceding Quarter

For the quarter under review, the Group recorded lower profit before tax amounting to RM0.10 million, a decrease of RM8.46 million as compared to RM8.56 million attained in the preceding quarter. The decrease in profit before tax was mainly due to decreased logs sales volume, as a result of lower production due to wet weather as well as festive seasons.

Note 18 Commentary on Prospects

The current global economic slowdown will continue to impact on the demand and prices of timber products. The Group remains committed to prudent management and cautious in sustaining its performance in the remaining quarters of the financial year. The Group will continue taking stringent measures and plans to improve efficiencies and effectiveness of its business operations, concurrent with cost saving measures.

Barring any unforeseen circumstances, the Group is expected to be able to overcome the challenges ahead with its dedicated and committed management and operational teams.

Note 19 Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes on the variation of actual profit after tax and minority interest, and shortfall in profit guarantee are not applicable.

Note 20 Taxation

The Group's taxation for the current quarter and financial year-to-date were as follows:

| | Current Quarter RM'000 | Current Financial Year-To-Date RM'000 |
|--------------------------|---------------------------------------|--|
| Income tax: | | |
| Current period provision | 181 | 3,291 |
| Deferred tax: | | |
| Current period provision | (335) | 1,934 |
| | <u>(154)</u> | <u>5,225</u> |

The Group's effective tax rate for the current quarter was lower than the statutory rate mainly due to double deduction claimed on certain eligible expenditure. The Group's effective tax rate for the current financial year-to-date was higher than the statutory rate mainly due to certain expenses not allowable for tax deduction.



Note 21 Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investment and/or properties for the current quarter and financial year-to-date.

Note 22 Purchase or Disposal of Quoted Securities

- (a) Purchases and disposals of quoted securities
- (b) Investments in quoted securities

There were no purchase or disposal of quoted securities for the current quarter and financial year-to-date. There were no investments in quoted securities as at 31 January 2009.

Note 23 Status of Corporate Proposals

There were no outstanding corporate proposals that have been announced but not completed as at the date of this announcement.

Note 24 Borrowings and Debt Securities

| | As at 31.01.2009 RM'000 | As at 31.7.2008 RM'000 |
|---------------------------------|--|---------------------------------------|
| Short term borrowings: | | |
| Unsecured - Revolving credit | 30,500 | 6,000 |
| - Banker's acceptance | 10,657 | - |
| - Term loans | 5,009 | 5,009 |
| Secured - Term loans | 1,398 | 1,048 |
| Secured - Hire purchase payable | 27,475 | 23,553 |
| | <u>75,039</u> | <u>35,610</u> |
| Long term borrowings: | | |
| Unsecured - Term loans | 12,522 | 15,027 |
| Secured - Term loans | 51,268 | 40,521 |
| - Hire purchase payable | 30,623 | 35,512 |
| | <u>94,413</u> | <u>91,060</u> |
| Total borrowings | <u>169,452</u> | <u>126,670</u> |

There were no borrowings denominated in foreign currency.

Note 25 Off Balance Sheet Financial Instruments

As at the date of this announcement, the Group had entered into forward foreign exchange contracts with the notional amount of RM40,258,847 and maturity ranging from 26 to 40 days to hedge anticipated sales in USD.

Exchange gains and losses arising on forward foreign exchange contracts are recognised at settlement whereby these gains and losses are included in the measurement of the transactions hedged.



Note 26 Changes in Material Litigation

There was no pending material litigation as at the date of this announcement.

Note 27 Dividend Payable

The Board of Directors had on 17 November 2008 recommended a first and final dividend of 3% per share, less income tax, for the financial year ended 31 July 2008, which was approved by the shareholders at the Annual General Meeting on 30 December 2008. The dividend amounting to RM4,251,447 was paid on 18 March 2009 to the shareholders whose names appear in the Record of Depositors on 20 February 2009. (previous corresponding period: 3% per share, less income tax, amounting to RM3,942,000).

Note 28 Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

| | Current Quarter | Current Financial Year- To-Date |
|---|----------------------------|--|
| Profit for the period attributable to ordinary equity holders of the Company (RM'000) | 255 | 3,437 |
| Weighted average number of ordinary shares in issue excluding treasury shares ('000) | 188,953 | 188,969 |
| Basic earnings per share (Sen) | 0.13 | 1.82 |

The comparative basic earnings per share has been restated to take into account the effect of the bonus issue.

(b) Diluted earnings per share

N/A

N/A

Note 29 Authorisation for Issue

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 March 2009.