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Note 1 Basis of Preparation

The quarterly report is unaudited and has been prepared in accordance with 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 2011. 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 2011.

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 2011, except for the adoption of the following Amendments to FRSs, Issues Committee (“IC”) Interpretations and Technical Release:

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters - Additional Exemption for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payments Transactions
Amendments to FRS 7	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
Amendments to FRSs [Improvements to FRSs 2010]	
IC Interpretation 4	Determining whether an Arrangement Contains a Lease
IC Interpretation 18	Transfer of Assets from Customers
TR i-4	Shariah Compliant Sale Contracts

Effective for financial periods beginning on or after 1 July 2011

Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above Amendments to FRSs, Interpretations and Technical Release has no effect to the Group’s consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year.

Note 3 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 July 2011 was not qualified.



Note 4 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 5 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 6 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 7 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 current quarter and financial year-to-date were as follows:

Month	No. of shares	Purchase price per share		Average price per share (RM)	Total cost (RM)
		Lowest (RM)	Highest (RM)		
August 2011	5,000	2.29	2.43	2.37	11,937
September 2011	30,800	1.95	2.12	2.01	62,388
October 2011	100	2.20	2.20	2.20	261
TOTAL	35,900	1.95	2.43	2.06	74,586

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 8 Dividends Paid

There was no dividend paid during the current quarter and financial year-to-date under review.



Note 9 Segmental Information

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

	Revenue	Profit/(Loss)
	RM'000	RM'000
Logging and reforestation	123,168	8,088
Manufacturing	167,462	11,019
Oil Palm	18,214	3,821
Others	45	(381)
	<u>308,889</u>	<u>22,547</u>

Note 10 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 11 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 12 Changes in the Composition of the Group

There were no changes in the composition of the Group in the current quarter and financial year-to-date under review.

Note 13 Changes in Contingent Liabilities and Contingent Assets

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

The amount of banking facilities utilised which were secured by corporate guarantees increased by RM7,232,661 from RM106,139,749 as at 31 July 2011 (last statement of financial position) to RM113,372,410 as at 31 January 2012.

Note 14 Capital Commitments

	As at	As at
	31.01.2012	31.7.2011
	RM'000	RM'000
Authorised and contracted for	8,196	7,369
Authorised but not contracted for	1,785	340
	<u>9,981</u>	<u>7,709</u>
Analysed as follows:		
Property, plant and equipment	9,981	3,204
Investment properties	-	4,505
	<u>9,981</u>	<u>7,709</u>



Note 15 Review of Performance

In the reporting of the quarter and financial year-to-date result, the Group recorded revenue of RM157.67 million and RM308.89 million respectively as compared to RM183.30 million and RM341.56 million in the preceding year corresponding period.

The Group achieved higher profit before tax of RM8.14 million in the reporting quarter, an 8% increase from RM7.53 million in the preceding year corresponding quarter. Profit after tax surges by an impressive 10% to RM6.00 million from RM5.43 million in the preceding year corresponding quarter. The Group also registered higher profit before tax of RM22.55 million in the financial year-to-date and profit after tax of RM16.81 million as compared to RM21.20 million and RM15.44 million respectively in the corresponding period.

The logging and reforestation segment reported profit before tax of RM1.12 million for the reporting quarter and RM8.09 million for the financial year-to-date respectively. The lower profit as compared to previous corresponding period was mainly due to lower average selling prices of logs.

Manufacturing segment which consists of manufacturing of plywood, particleboard and sawn timber contributed about 58% and 54% of the Group's total revenue for the reporting quarter and financial year-to-date respectively. The manufacturing segment recorded higher profit before tax of RM4.23 million and RM11.02 million for the reporting quarter and financial year-to-date respectively, when compared with the previous corresponding period. The higher profit was contributed by the increase in selling prices coupled with the maximisation of resources and effective cost controlling.

Oil palm segment recorded profit before tax of RM3.04 million in the reporting quarter. The profit was mainly attributed to the increase by 260% in harvested volume of fresh fruit bunch from 6,420 MT in preceding year corresponding quarter to 16,612 MT in the reporting quarter. The yield improved significantly as a result of increasing number of mature palms and efficient management.

Note 16 Variation in the Quarterly Results Compared to the Results of the Immediate Preceding Quarter

As compared to immediate preceding quarter, the Group's revenue increased from RM151.22 million to RM157.67 million in the current quarter whereas the Group's profit before tax decreased from RM14.41 million to RM8.14 million. The variance was primarily due to a general drop in average export selling prices of logs and plywood, which is in tandem of the broad market trend.

Note 17 Commentary on Prospects

The market outlook for timber and timber products in the coming quarters are positive with the firm demand for timber especially in India, with reported improvement in the housing starts in the United States and encouraging signs of expected recovery in Japan's economy from first quarter of 2012 onwards. The prices for timber products are expected to stay at current levels despite having eased from their high in the second quarter of year 2011. The Group will continue to improve its business operations, maximise the utilisation of resources and embrace prudent business practices. Barring any unforeseen circumstances, with the additional contribution from our oil palm division, the Board expects the Group to perform well in the remaining quarters.



Note 18 Profit Forecast or Profit Guarantee

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

Note 19 Profit Before Taxation

Profit before taxation is derived after taking into consideration of the following:

	Current Quarter 31/01/2012 RM'000	Current Financial Year-To-Date 31/01/2012 RM'000
Amortisation and depreciation	17,109	33,967
Property, plant and equipment written off	13	63
Inventory write down	347	347
Interest Income	(312)	(742)
Interest Expenses	1,146	2,418
Gain on disposal of property, plant and equipment	(154)	(155)
Rental income	(68)	(140)
Fair value of (reversal of loss)/loss on derivative financial instrument	(1,152)	61
Loss/(Gain) on foreign exchange		
- realised	-	(3,878)
- unrealised	144	1,088

Note 20 Taxation

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

	Current Quarter 31/01/2012 RM'000	Current Financial Year-To-Date 31/01/2012 RM'000
Income tax:		
Current period provision	2,558	6,798
Deferred tax:		
Current period provision	(421)	(1,056)

The Group's effective tax rate for the current quarter and financial year-to-date was slightly higher than the statutory rate mainly due to certain expenses not allowable for tax deduction.

Note 21 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 22 Borrowings and Debt Securities

	As at 31.01.2012 RM'000	As at 31.7.2011 RM'000
Short term borrowings:		
Unsecured -Revolving credit	9,500	14,500
-Term loans	2,504	5,009
-Bankers' acceptance	10,000	-
Secured -Term loans	9,401	9,801
Secured -Hire purchase payable	11,399	12,679
	<u>42,804</u>	<u>41,989</u>
Long term borrowings:		
Secured - Term loans	82,759	80,090
- Hire purchase payable	20,574	18,503
	<u>103,333</u>	<u>98,593</u>
Total borrowings	<u>146,137</u>	<u>140,582</u>

There were no borrowings denominated in foreign currency.

Note 23 Fair Value of Financial Liabilities

The Group has entered into forward foreign exchange contracts to limit its exposure on foreign currency receipts, when it is deemed necessary.

As at 31 January 2012, the notional value and maturity analysis of the outstanding foreign exchange contracts of the Group were as follows:

Type of Derivatives	Contract/ Notional Value (RM'000)	Fair Value (RM'000)
Forward foreign exchange contract		
USD		
- less than 1 year	80,871	(61)

There was no significant change for the financial derivatives in respect of the followings since the last financial year ended 31 July 2011:

- (a) the credit risk, market risk and liquidity risk associated with these financial derivatives;
- (b) the cash requirements of the derivatives;
- (c) the policies in place for mitigating or controlling the risks associated with these financial derivative; and
- (d) the related accounting policies.



Note 24 Profit/Loss Arising from Fair Value Changes of Financial Liabilities

The Group recognised reversal of loss of RM1,152,000 for the current quarter and loss of RM61,000 for the financial year-to-date under review, arising from fair value changes of derivative liabilities, namely, forward foreign exchange contracts. The fair value changes are attributable to changes in foreign exchange spot and forward rate. Forward foreign exchange contracts are valued using a valuation technique with market observable inputs, by the bankers. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The model incorporates various inputs including the foreign exchange spot and forward rates.

Note 25 Realised and Unrealised Profits/Losses Disclosure

	As at 31.01.2012 RM'000	As at 31.07.2011 RM'000
Total retained profits of Subur Tiasa Holdings Berhad and its subsidiaries:		
- Realised	435,393	421,941
- Unrealised	(6,684)	(4,780)
	<hr/> 428,709	<hr/> 417,161
Less: Consolidation adjustments	(4,090)	(2,281)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 424,619	<hr/> <hr/> 414,880

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 did not declare any dividend for the quarter ended 31 January 2012 (previous corresponding period: Nil).

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.



Note 28 Earnings Per Share (cont'd)

(a) Basic earnings per share (cont'd)

	Current Quarter 31/01/2012	Current Financial Year- To-Date 31/01/2012
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	6,004	16,805
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,134	188,134
Basic earnings per share (Sen)	3.19	8.93

(b) Diluted earnings per share

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 23 March 2012.