



**NOTES :**

**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<br>- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters<br>- Additional Exemption for First-time Adopters |
| Amendments to FRS 2                               | Group Cash-settled Share-based Payments Transactions   |
| Amendments to FRS 7                               | Financial Instruments: Disclosures<br>- Improving Disclosures about Financial Instruments  |
| Amendments to FRSs<br>[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**

During the current quarter and financial year-to-date, a total of 100 shares and 36,000 shares of RM 1.00 each were purchased and retained as treasury shares. 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             |
| April 2012     | 100           | 2.61                     | 2.61         | 2.61                         | 302             |
| <b>TOTAL</b>   | <b>36,000</b> | <b>1.95</b>              | <b>2.61</b>  | <b>2.09</b>                  | <b>74,888</b>   |

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**

A first and final dividend of 5% per share, less 25% income tax in respect of the financial year ended 31 July 2011, amounting to RM7,055,005 was paid on 13 March 2012 to the depositors whose names appear in the Record of Depositors on 15 February 2012.



**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:

|                           | <b>Revenue</b> | <b>Profit/(Loss)</b> |
|---------------------------|----------------|----------------------|
|                           | <b>RM'000</b>  | <b>RM'000</b>        |
| Logging and reforestation | 197,793        | 10,190               |
| Manufacturing             | 271,853        | 16,136               |
| Oil Palm                  | 28,121         | 6,131                |
| Others                    | 33             | 106                  |
|                           | <u>497,800</u> | <u>32,563</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 decreased by RM153,776 from RM104,220,493 as at 31 July 2011 (last statement of financial position) to RM104,066,717 as at 30 April 2012.

**Note 14 Capital Commitments**

|                                   | <b>As at</b>      | <b>As at</b>     |
|-----------------------------------|-------------------|------------------|
|                                   | <b>30.04.2012</b> | <b>31.7.2011</b> |
|                                   | <b>RM'000</b>     | <b>RM'000</b>    |
| Authorised and contracted for     | 6,826             | 7,369            |
| Authorised but not contracted for | 1,523             | 340              |
|                                   | <u>8,349</u>      | <u>7,709</u>     |
| Analysed as follows:              |                   |                  |
| Property, plant and equipment     | 8,349             | 3,204            |
| Investment properties             | -                 | 4,505            |
|                                   | <u>8,349</u>      | <u>7,709</u>     |



#### **Note 15 Review of Performance**

In the current quarter under review, the Group recorded improved revenue of RM188.91 million, a 31% increase from its revenue of RM144.66 million as reported in the preceding year corresponding quarter. Profit before tax for the quarter was RM10.02 million with a profit after tax of RM7.51 million as compared to RM10.28 million and RM8.40 million respectively in the preceding year corresponding quarter.

For the current financial year-to-date, the Group achieved higher revenue of RM497.80 million against RM486.22 million in the preceding year corresponding period. Year-to-date profit before tax of RM32.56 million grew by 3% from RM31.48 million in the preceding year corresponding period. The Group's year-to-date profit after tax also rose to RM24.31 million from RM23.84 million in the preceding year corresponding period.

The logging and reforestation segment reported profit before tax of RM2.10 million for the reporting quarter and RM10.19 million for the financial year-to-date. Lower profit as compared to previous corresponding period was mainly due to easing of average selling price of logs coupled with higher fuel cost and spare parts prices.

Manufacturing segment which comprises manufacturing of plywood, particleboard and sawn timber continued to be the key contributor to the Group's revenue. It contributed about 55% of the Group's total revenue for the reporting quarter as well as the Group's financial year-to-date. The manufacturing segment achieved higher profit before tax of RM5.12 million and RM16.14 million for the reporting quarter and financial year-to-date respectively. Higher profit achieved was mainly attributed to higher export sales volume for plywood concurrent with maximisation of resources and streamlining of operations.

Oil palm segment recorded profit before tax of RM2.31 million in the reporting quarter. The profit was attributed to 34% increase in harvested volume of fresh fruit bunch from 11,865 MT in preceding year corresponding quarter to 15,897 MT in the reporting quarter current year. The improved yield was in line with the increasing number of growing matured palms under effective cost control measures.

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

The Group's revenue increased by 20% from RM157.67 million in the immediate preceding quarter to RM188.91 million in the current quarter. Profit before tax improved by 23% from RM8.14 million to RM10.01 million. Better results were primarily contributed by higher export sales volume for plywood coupled with the Group's efforts in rationalising its operations in an integrated and sustainable manner.

#### **Note 17 Commentary on Prospects**

The timber market is expected to sustain with the continued demand for logs in India in tandem with the expansion in their infrastructure and housing sectors. The pro-longed uncertainty in respect of the Eurozone's debt crisis and the slowdown of China market will partly foreshadowed the outlook of the timber market. In view of this, the Group will continue to rationalise its business operations, optimise 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 remain competitive and perform well in the remaining quarter.



**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:

|  | <b>Current<br/>Quarter<br/>30/04/2012<br/>RM'000</b> | <b>Current<br/>Financial Year-<br/>To-Date<br/>30/04/2012<br/>RM'000</b> |
|--|--|--|
| Amortisation and depreciation                                  | 17,003   | 50,970   |
| Property, plant and equipment written off                      | 22   | 85   |
| Inventory write down   | 348  | 695  |
| Interest Expenses  | 873  | 3,291  |
| Interest Income  | (265)  | (1,007)  |
| Gain on disposal of property, plant and equipment              | (323)  | (478)  |
| Rental income  | (75)   | (215)  |
| Reversal of fair value loss on derivative financial instrument | (61)   | -  |
| Loss/(Gain) on foreign exchange                                |  |  |
| - realised   | (252)  | (4,191)  |
| - unrealised   | (244)  | 844  |
|  | <u>          </u>                                    | <u>          </u>  |

**Note 20 Taxation**

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

|                          | <b>Current<br/>Quarter<br/>30/04/2012<br/>RM'000</b> | <b>Current Financial<br/>Year-To-Date<br/>30/04/2012<br/>RM'000</b> |
|--------------------------|--|---|
| Income tax:              |  |   |
| Current period provision | 2,292  | 9,090   |
| Deferred tax:            |  |   |
| Current period provision | 215  | (841)   |
|                          | <u>          </u>                                    | <u>          </u>   |
|                          | <u>2,507</u>   | <u>8,249</u>  |

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**

|                                | <b>As at<br/>30.04.2012<br/>RM'000</b> | <b>As at<br/>31.7.2011<br/>RM'000</b> |
|--------------------------------|--|---------------------------------------|
| <b>Short term borrowings:</b>  |  |                                       |
| Unsecured -Revolving credit    | 5,500                                  | 14,500                                |
| -Term loans                    | 1,252                                  | 5,009                                 |
| Secured -Term loans            | 11,301                                 | 9,801                                 |
| Secured -Hire purchase payable | 11,262                                 | 12,679                                |
|                                | <u>29,315</u>                          | <u>41,989</u>                         |
| <b>Long term borrowings:</b>   |  |                                       |
| Secured - Term loans           | 85,732                                 | 80,090                                |
| - Hire purchase payable        | 21,846                                 | 18,503                                |
|                                | <u>107,578</u>                         | <u>98,593</u>                         |
| <b>Total borrowings</b>        | <u>136,893</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 30 April 2012, there was no outstanding foreign exchange contracts.

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 RM 61,000 for the current quarter and reversal of unrealised gain of RM602,000 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**

|   | <b>As at<br/>30.04.2012<br/>RM'000</b> | <b>As at<br/>31.07.2011<br/>RM'000</b> |
|---|--|--|
| Total retained profits of Subur Tiasa Holdings Berhad and its subsidiaries: |  |  |
| - Realised  | 444,055                                | 421,941                                |
| - Unrealised  | (6,817)                                | (4,780)                                |
|   | <hr/> 437,238                          | <hr/> 417,161                          |
| Less: Consolidation adjustments   | (5,099)                                | (2,281)                                |
| Total Group retained profits as per consolidated accounts                   | <hr/> <hr/> 432,139                    | <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 30 April 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.

|   | <b>Current<br/>Quarter<br/>30/04/2012</b> | <b>Current<br/>Financial Year-<br/>To-Date<br/>30/04/2012</b> |
|---|---|---|
| Profit for the period attributable to ordinary equity holders of the Company (RM'000) | 7,509                                     | 24,314  |
| Weighted average number of ordinary shares in issue excluding treasury shares ('000)  | 188,134                                   | 188,140   |
| Basic earnings per share (Sen)  | 3.99                                      | 12.92   |

(b) Diluted earnings per share

N/A



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**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 22 June 2012.