



**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 - 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**

During the current quarter and financial year-to-date, a total of 3,000 shares and 39,000 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	Highest		
		RM	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
May 2012	3,000	2.50	2.50	2.50	7,555
<b>TOTAL</b>	<b>39,000</b>	<b>1.95</b>	<b>2.61</b>	<b>2.10</b>	<b>82,443</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 appeared 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 Before Tax</b>
	<b>RM'000</b>	<b>RM'000</b>
Logging and reforestation	260,602	17,318
Manufacturing	364,771	18,395
Oil Palm	40,402	11,056
Others	69	286
	<u>665,844</u>	<u>47,055</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 RM1,099,398 from RM104,220,493 as at 31 July 2011 (last statement of financial position) to RM105,319,891 as at 31 July 2012.

**Note 14 Capital Commitments**

	<b>As at 31.07.2012 RM'000</b>	<b>As at 31.7.2011 RM'000</b>
Authorised and contracted for	4,150	7,369
Authorised but not contracted for	831	340
	<u>4,981</u>	<u>7,709</u>
Analysed as follows:		
Property, plant and equipment	4,981	3,204
Investment properties	-	4,505
	<u>4,981</u>	<u>7,709</u>



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

In the current quarter under review, the Group recorded improved revenue of RM168.04 million, a 19% increase from its revenue of RM141.62 million as reported in the preceding year corresponding quarter. Profit before tax for the quarter was RM14.49 million with a profit after tax of RM9.40 million as compared to RM16.66 million and RM10.59 million respectively in the preceding year corresponding quarter.

For the current financial year-to-date, the Group achieved higher revenue of RM665.84 million against RM627.84 million in the preceding year corresponding period. Year-to-date profit before tax of RM47.06 million decreased by 2% from RM48.14 million in the preceding year corresponding period. The Group's year-to-date profit after tax was RM33.71 million as compared to RM34.43 million in the preceding year corresponding period.

The logging and reforestation segment reported profit before tax of RM7.13 million for the reporting quarter and RM17.32 million for the financial year-to-date. Lower profit as compared to previous corresponding period was mainly due to softening of average selling price of logs coupled with higher operation costs which exerted pressure on the profit margin.

Manufacturing segment which consists of 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 profit before tax of RM2.26 million and RM18.40 million for the reporting quarter and financial year-to-date respectively. Lower profit as compared to previous corresponding quarter achieved was mainly attributed to easing of export plywood selling prices. Nevertheless, the higher export sales volume for plywood concurrent with maximisation of resources and cost controlling measures contributed to higher profit for the financial year-to-date when compared to previous corresponding period.

Oil palm segment recorded profit before tax of RM4.92 million in the reporting quarter, a 122% increase when compared to preceding year corresponding quarter. The profit was attributed to 19% increase in harvested volume of fresh fruit bunch from 18,072 MT to 21,476 MT in the reporting quarter. The improved yield was in line with the growing number of matured palms with increasing yield under effective management.

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

The Group's revenue decreased by 11% from RM188.91 million in the immediate preceding quarter to RM168.04 million in the current quarter. Profit before tax improved by 45% from RM10.02 million to RM14.49 million. Better results were primarily contributed by oil palm division's profit which increased by more than twofold coupled with the Group's efforts in streamlining of its operations in an integrated and sustainable manner.



**Note 17 Commentary on Prospects**

The prolonged uncertainty in respect of the Eurozone's debt crisis and the slowdown of China market will partly foreshadow the outlook of world economies. Nevertheless, the timber market is expected to sustain with the tight log supply condition and continued demand for logs from our major markets in tandem with the expansion in their infrastructure and housing sectors. In view of this, the Group will continue to capitalise on its strengths to 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 remain competitive and perform well in the new financial year.

**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 Quarter 31/07/2012 RM'000</b>	<b>Current Financial Year- To-Date 31/07/2012 RM'000</b>
Amortisation and depreciation	18,505	69,475
Property, plant and equipment written off	330	415
Impairment of property, plant and equipment	830	830
Inventory write down	75	770
Interest Expenses	1,193	4,484
Accretion of interest on long term receivables	(778)	(778)
Interest Income	(354)	(1,361)
Gain on disposal of property, plant and equipment	(311)	(789)
Rental income	(3,017)	(3,232)
Loss/(Gain) on foreign exchange		
- realised (including derivatives)	(3,523)	(7,714)
- unrealised	1,470	(626)



## Note 20 Taxation

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

	<b>Current Quarter 31/07/2012 RM'000</b>	<b>Current Financial Year-To-Date 31/07/2012 RM'000</b>
Income tax:		
Current period provision	4,106	13,196
Under provision in respect of previous years	1,044	1,044
Deferred tax:		
Current period provision	1,923	1,082
Over provision in respect of previous years	(1,976)	(1,976)
	<u>5,097</u>	<u>13,346</u>

The Group's effective tax rate for the current quarter and financial year-to-date was 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 31.07.2012 RM'000</b>	<b>As at 31.7.2011 RM'000</b>
<b>Short term borrowings:</b>		
Unsecured -Revolving credit	5,500	14,500
-Term loans	-	5,009
Secured -Term loans	11,901	9,801
Secured -Hire purchase payable	11,704	12,679
	<u>29,105</u>	<u>41,989</u>
<b>Long term borrowings:</b>		
Secured - Term loans	86,188	80,090
- Hire purchase payable	22,503	18,503
	<u>108,691</u>	<u>98,593</u>
<b>Total borrowings</b>	<u>137,796</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 July 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**

There were no gains or losses arising from fair value changes of financial liabilities for the current quarter ended 31 July 2012.

**Note 25 Realised and Unrealised Profits/Losses Disclosure**

	<b>As at 31.07.2012 RM'000</b>	<b>As at 31.07.2011 RM'000</b>
Total retained profits of Subur Tiasa Holdings Berhad and its subsidiaries:		
- Realised	453,287	421,941
- Unrealised	(5,319)	(4,780)
	<hr/> 447,968	<hr/> 417,161
Less: Consolidation adjustments	(6,434)	(2,281)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 441,534	<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 July 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 Quarter 31/07/2012</b>	<b>Current Financial Year- To-Date 31/07/2012</b>
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	9,395	33,709
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,131	188,138
Basic earnings per share (Sen)	4.99	17.92

(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 26 September 2012.