



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 2012. 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 2012.

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 2012, except for the adoption of the following standards and amendments and interpretations which are relevant to the Group for the financial year beginning 1 August 2012 :

- Amendments to FRS 7: Disclosures - Transfers of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124: Related Party Disclosures
- Amendments to FRS 101: Presentation of Item of Other Comprehensive Income

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company.

Note 3 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 July 2012 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, 200 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)		
October 2012	200	2.33	2.33	2.33	507
TOTAL	200	2.33	2.33	2.33	507

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 quarter and last year corresponding quarter by the respective operating segments are as follows:

	Quarter ended 31.10.2012		Quarter ended 31.10.2011	
	Revenue RM'000	Profit Before Tax RM'000	Revenue RM'000	Profit Before Tax RM'000
Logging	96,277	2,236	65,597	6,971
Manufacturing	122,967	22	76,797	6,793
Plantation	10,286	2,173	8,797	778
Others	7	151	26	(136)
	<u>229,537</u>	<u>4,582</u>	<u>151,217</u>	<u>14,406</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

On 5 December 2012, the Company acquired 100% equity interest in Onfire Charcoal Sdn. Bhd. (“OCSB”), a company incorporated in Malaysia, for a total cash consideration of RM2. OCSB is currently a dormant company and its intended principal activity are manufacturing and trading of charcoal.

Note 12 Changes in the Composition of the Group

On 7 August 2012, a wholly owned subsidiary of the Company, Victory Round Sdn. Bhd. has entered into a Joint Venture Agreement with Pelita Holdings Sdn. Bhd. (“PHSB”) for the purpose of setting up a Joint Venture Company (“JVC”) to develop the plantable area of all those parcels of land situated in Kabah, Kanowit, Sibul Division containing in aggregate a gross area of 12,037 hectares into an oil palm plantation together with facilities and the provision of services ancillary to such plantation including palm oil mills. The Company will own 60% of equity interest in the JVC with the remaining equity interest being held by PHSB.

On 5 September 2012, the JVC has been incorporated with the name of Victory Pelita Kabah Sdn. Bhd.

On 8 October 2012, the Company acquired 100% equity interest in Mamo Sdn. Bhd. (“MMO”), a company incorporated in Malaysia, for a total cash consideration of RM2. MMO is currently a dormant company and its intended principal activity is investment holdings.

On 17 October 2012, the Company acquired 100% equity interest in Momamizu Sdn. Bhd. (“MMZ”), a company incorporated in Malaysia, for a total cash consideration of RM2. MMZ is currently a dormant company and its intended principal activity are manufacturing and trading of drinking water.

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 RM9,104,161 from RM119,386,378 as at 31 July 2012 (last annual balance sheet) to RM110,282,217 as at 31 October 2012.

Note 14 Capital Commitments

	As at 31.10.2012 RM'000	As at 31.7.2012 RM'000
Approved and contracted for	2,932	4,150
Approved but not contracted for	-	831
	<hr/> 2,932	<hr/> 4,981
Analysed as follows:		
Property, plant and equipment	<hr/> 2,932	<hr/> 4,981



Note 15 Review of Performance

In the current quarter and financial year-to-date under review, the Group recorded revenue of RM229.54 million as compared to RM151.22 million reported in the preceding year corresponding quarter. Profit before tax for the quarter was RM4.58 million with a profit after tax of RM3.22 million as compared to RM14.41 million and RM10.80 million respectively in the preceding year corresponding quarter.

The logging and reforestation segment reported profit before tax of RM2.24 million for the reporting quarter. Lower profit as compared to previous corresponding quarter was mainly due to continued compression of profit margin as a result of easing of average selling price of logs and higher operation costs.

Manufacturing segment which comprises manufacturing of plywood, particleboard and sawn timber remained as the key contributor to the Group's revenue. The manufacturing segment reported profit before tax of RM0.02 million in the current quarter under review. The lower profit as compared to previous corresponding quarter was mainly attributed to softening of export plywood and particleboard selling prices.

Plantation segment recorded profit before tax of RM2.17 million in the reporting quarter when compared to RM0.78 million in the preceding year corresponding quarter. The profit was contributed by increase in harvested and sales volume of fresh fruit bunch from 16,458 MT to 23,139 MT in the reporting quarter, as a result of more palms entering their prime production age. This was coupled with improved yield from the growing number of matured palms under effective management.

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

The Group's revenue increased from RM168.04 million in the immediate preceding quarter to RM229.54 million in the current quarter. Profit before tax registered RM4.58 million as compared to RM14.58 million in the immediate preceding quarter. The variance was primarily due to a general drop in average export selling prices of timber products and FFB which are in tandem with the broad market trend.

Note 17 Commentary on Prospects

The timber industry will continue to face challenges given a possible contagion effect on the world's major economies arising from the uncertainties over Euro zone financial woes and issues surrounding the bailout funds in addition to the downward revision of the GDP growth in India and China in year 2013.

Nevertheless, the timber market is expected to sustain with the tight log supply condition and anticipated increase in demand for timber products from our major markets when the general economic and market sentiments improve.

In view of this, the Group will continue to be resilient and leverage on strategic streamlining of operations in an integrated and sustainable manner, maximization of resources, sharpening competitive edge, venturing and expanding growth spectrum without compromising on governance and risk management.



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:

	Quarter ended 31.10.2012 RM'000	Quarter ended 31.10.2011 RM'000
Amortisation and depreciation	17,826	16,859
Property, plant and equipment written off	2	50
Interest Expenses	1,294	1,272
Interest Income	(337)	(430)
Gain on disposal of property, plant and equipment	(83)	(1)
Rental income	(1,523)	(68)
Loss/(Gain) on foreign exchange		
- realised	(516)	(1,825)
- unrealised	524	944
	<u> </u>	<u> </u>

Note 20 Taxation

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

	Quarter ended		Financial year-to-date ended	
	31.10.2012	31.10.2011	30.10.2012	31.10.2011
	RM'000	RM'000	RM'000	RM'000
Current taxation	2,231	4,240	2,231	4,240
Deferred taxation	(868)	(635)	(868)	(635)
	<u> 1,363 </u>	<u> 3,605 </u>	<u> 1,363 </u>	<u> 3,605 </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

	As at 31.10.2012 RM'000	As at 31.7.2012 RM'000
Short term borrowings:		
Unsecured -Revolving credit	3,500	5,500
-Bankers' acceptance	10,000	-
Secured -Term loans	11,201	11,901
Secured -Hire purchase payable	13,029	12,510
	<u>37,730</u>	<u>29,911</u>
Long term borrowings:		
Secured - Term loans	84,048	86,188
- Hire purchase payable	21,256	21,698
	<u>105,304</u>	<u>107,886</u>
Total borrowings	<u>143,034</u>	<u>137,797</u>

There were no borrowings denominated in foreign currency.

Note 23 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 October 2012.

Note 24 Realised and Unrealised Profits/Losses Disclosure

	As at 31.10.2012 RM'000	As at 31.07.2012 RM'000
Total retained profits of Subur Tiasa Holdings Berhad and its subsidiaries:		
- Realised	440,965	436,765
- Unrealised	(5,939)	(6,014)
	<u>435,026</u>	<u>430,751</u>
Less: Consolidation adjustments	10,358	11,414
Total Group retained profits as per consolidated accounts	<u>445,384</u>	<u>442,165</u>

Note 25 Changes in Material Litigation

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



Note 26 Dividend Payable

The Board of Directors did not declare any dividend for the quarter ended 31 October 2012 (previous corresponding period: Nil).

Note 27 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 and Financial Year- To-Date
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	3,219
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,132
Basic earnings per share (Sen)	1.71

(b) Diluted earnings per share

N/A

Note 28 Authorisation for Issue

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 December 2012.