SUBUR TIASA HOLDINGS BHD (341792-W)
No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. No. 123, 96000 Sibu, Sarawak, Malaysia.
Head Office : Tel : 084-211555 Fax : 084-211886
E-mail : info@suburtiasa.com.my

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 and financial year-to-date, a total of 1,000 shares and 1,200 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	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
October 2012	200	2.33	2.33	2.33	507
January 2013	1,000	2.00	2.00	2.00	2,043
TOTAL	1,200	2.00	2.33	2.06	2,550

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 and preceding year corresponding period by the respective operating segments were as follows:

	Financial year-to-date ended			
	31.01.2013		**31.01.2012**	
	Revenue	**Profit Before Tax**	**Revenue**	**Profit Before Tax**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Logging	172,415	3,647	123,168	8,088
Manufacturing	217,528	2,456	167,462	11,019
Plantation	17,478	736	18,214	3,821
Others	28	290	44	(381)
	407,449	7,129	308,888	22,547

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 26 February 2013, the Company acquired 100% equity interest in Momaworld Sdn. Bhd. ("MWSB"), a company incorporated in Malaysia, for a total cash consideration of RM2. MWSB is currently a dormant company and its intended principal activity are manufacturing and trading of drinking water.

On 5 March 2013, the Company acquired 100% equity interest in Momawater Sdn. Bhd. ("MWTSB"), a company incorporated in Malaysia, for a total cash consideration of RM2. MWTSB is currently a dormant company and its intended principal activity are manufacturing and trading of drinking water.

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, Sibu 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.

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 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 RM6,121,139 from RM119,386,378 as at 31 July 2012 (last annual balance sheet) to RM113,265,239 as at 31 January 2013.

Note 14 Capital Commitments

	As at 31.01.2013 RM'000	As at 31.07.2012 RM'000
Approved and contracted for	25,702	4,150
Approved but not contracted for	250	831
	25,952	4,981
Analysed as follows:		
Property, plant and equipment	25,952	4,981

Note 15 Review of Performance

In the reporting of the quarter and financial year-to-date result, the Group recorded revenue of RM177.91 million and RM407.45 million respectively as compared to RM157.67 million and RM308.89 million in the preceding year corresponding period.

Profit before tax for the reporting quarter was RM2.55 million with a profit after tax of RM1.83 million as compared to RM8.14 million and RM6.00 million respectively in the preceding year corresponding quarter. For the current financial year-to-date, the Group registered profit before tax of RM7.13 million and profit after tax of RM5.05 million as compared to RM22.55 million and RM16.81 million in the preceding year corresponding period.

The logging segment reported profit before tax of RM1.41 million for the reporting quarter and RM3.65 million for the financial year-to-date respectively. The lower profit as compared to previous corresponding year-to-date was mainly due to higher operational costs which impacted profit margin.

Manufacturing segment which consists of manufacturing of plywood, particleboard and sawn timber contributed about 53% of the Group's total revenue for both reporting quarter and financial year-to-date. The manufacturing segment recorded lower profit before tax of RM2.43 million and RM2.46 million for the reporting quarter and financial year-to-date respectively, when compared with the previous corresponding period. The lower profit was mainly due to continued pressure on the profit margin resulting from softening of export prices of the timber products and increase in operational costs.

Oil palm plantation segment recorded loss before tax of RM1.44 million in the reporting quarter when compared to profit before tax of RM3.04 million in the preceding year corresponding quarter. Profit before tax was RM0.74 million for the current financial year-to-date versus RM3.82 million in the preceding year corresponding period. This was mainly due to 27% decrease in fresh fruit bunch ("FFB") average selling price despite 32% increase in harvested volume of FFB as compared to previous corresponding year-to-date.

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

The Group's revenue decreased from RM229.54 million in the immediate preceding quarter to RM177.91 million in the current quarter. The Group reported profit before tax of RM2.55 million as compared to RM4.58 million in the immediate preceding quarter. The lower revenue and profits were primarily due to lower sales volumes for timber products and FFB, weaker FFB average selling prices by 21% and increase in operational costs.

SUBUR TIASA HOLDINGS BHD (341792-W)
No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. No. 123, 96000 Sibu, Sarawak, Malaysia.
Head Office : Tel : 084-211555 Fax : 084-211886
E-mail : info@suburtiasa.com.my

Note 17 Commentary on Prospects

The uncertainties over Eurozone financial woes, rising debt ceiling issue in the United States are expected to pose setback to the global economy. The timber industry, in particular, will continue to face challenges given a possible contagion effect on the world's major economies and also the downwards vision of GDP growth in India and China. The implementation of minimum wage is expected to push up labour cost and exert further pressure on the profit margin.

The recent Government's effort on Crude Palm Oil ("CPO") export tax cut and the increase of biodiesel blend to 10% will help to improve the outlook of oil palm industries.

In summary, the timber segment is expected to improve with firm demand for logs and timber products while the performance of oil palm plantation continues to face challenges on manpower constraints, higher labour cost arising from the implementation of minimum wage and prevailing lower CPO prices.

The performance for the current financial year will be influenced by, among others, the recovery of the timber and CPO prices, sales trends and impact of rising operational costs.

The Group will continue to be resourceful and capitalise on strategic streamlining of operations in an integrated and sustainable manner, strengthening marketing strategies concurrent with effective cost management, while 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		**Financial year-to-date ended**	
	31.01.2013 RM'000	**31.01.2012 RM'000**	**31.01.2013 RM'000**	**31.01.2012 RM'000**
Amortisation and depreciation	18,052	17,109	35,877	33,967
Property, plant and equipment written off	2	13	4	63
Inventory write down	-	347	-	347
Interest Expenses	1,275	1,146	2,569	2,418
Interest Income	(367)	(312)	(704)	(742)
Gain on disposal of property, plant and equipment	(56)	(154)	(138)	(155)
Rental income	(1,554)	(68)	(3,077)	(140)
Fair value of loss/ (reversal of loss) on derivative financial instrument	518	(1,152)	518	61
Loss/ (Gain) on foreign exchange				
- realised	(2,426)	-	(2,942)	(3,878)
- unrealised	(777)	144	(253)	1,088

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	
	31.01.2013	31.01.2012	31.01.2013	31.01.2012
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,419	2,558	3,650	6,798
Deferred taxation	(701)	(421)	(1,569)	(1,056)
	718	2,137	2,081	5,742

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 31.01.2013 RM'000	As at 31.07.2012 RM'000
Short term borrowings:			
Unsecured	-Revolving credit	-	5,500
	-Bankers' acceptance	5,000	-
Secured	-Term loans	23,434	11,941
Secured	-Hire purchase payable	16,385	12,510
		44,819	29,951
Long term borrowings:			
Secured	- Term loans	82,681	86,148
	- Hire purchase payable	26,476	21,698
		109,157	107,846
Total borrowings		153,976	137,797

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 2013, 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	43,878	(518)

There was no significant change for the financial derivatives in respect of the followings since the last financial year ended 31 July 2012:
(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 loss of RM518,000 for the current quarter 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 31.01.2013 RM'000	As at 31.07.2012 RM'000
Total retained profits of Subur Tiasa Holdings Berhad and its subsidiaries:		
- Realised	441,924	436,765
- Unrealised	(4,239)	(6,014)
	437,685	430,751
Less: Consolidation adjustments	9,528	11,414
Total Group retained profits as per consolidated accounts	447,213	442,165

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 2013 (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.

	Quarter ended 31.01.2013	**Financial year-to-date ended 31.01.2013**
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	1,828	5,048
Weighted average number of ordinary shares in issue excluding treasury shares (‘000)	188,130	188,130
Basic earnings per share (Sen)	0.97	2.68

(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 19 March 2013.