

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

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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.



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Note 7 Debt and Equity Securities

During the current quarter and financial year-to-date, a total of 100 shares and 1,300 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:

| | | Purchase price per share | | Average | |
|--------------|--------|--------------------------|---------|-----------|------------|
| Month | No. of | Lowest | Highest | price per | Total cost |
| | shares | | | share | |
| | | 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 |
| April 2013 | 100 | 1.85 | 1.85 | 1.85 | 226 |
| | | | | | |
| TOTAL | 1,300 | 1.85 | 2.33 | 2.04 | 2,776 |

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 2012, amounting to RM7,054,844 was paid on 13 March 2013 to the depositors whose names appear in the Record of Depositors on 15 February 2013.

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

| | 30.0 | 30.04.2013 | | 30.04.2012 | |
|---------------|---------|----------------------------------|---------|----------------------|--|
| | Revenue | Revenue Profit/(Loss) Before Tax | | Profit Before Tax | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Logging | 246,203 | 1,987 | 197,793 | 10,190 | |
| Manufacturing | 322,656 | 9,018 | 271,853 | 16,136 | |
| Plantation | 24,130 | (768) | 28,121 | 6,131 | |
| Others | 46 | (88) | 33 | 106 | |
| | 593,035 | 10,149 | 497,800 | 32,563 | |

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.



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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

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.

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 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 RM15,269,690 from RM119,386,378 as at 31 July 2012 (last annual balance sheet) to RM104,116,688 as at 30 April 2013.



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| Cuprum Committuents | As at 30.04.2013 RM'000 | As at 31.07.2012 RM'000 |
|---|-------------------------------|----------------------------|
| Approved and contracted for Approved but not contracted for | 102,325 250 | 4,150 831 |
| | 102,575 | 4,981 |
| Analysed as follows: Property, plant and equipment | 102,575 | 4,981 |

Note 15 Review of Performance

In the current quarter and financial year-to-date under review, the Group recorded revenue of RM185.59 million and RM593.04 million respectively as compared to RM188.91 million and RM497.80 million in the preceding year corresponding period.

Profit before tax for the reporting quarter was RM3.02 million with a profit after tax of RM2.23 million as compared to RM10.02 million and RM7.51 million respectively in the preceding year corresponding quarter. For the current financial year-to-date, the Group registered profit before tax of RM10.15 million and profit after tax of RM7.28 million as compared to RM32.56 million and RM24.31 million in the preceding year corresponding period.

The logging segment reported loss before tax of RM1.66 million for the reporting quarter and profit before tax of RM1.99 million for the financial year-to-date respectively. The weaker performance, as compared to previous corresponding quarter, was mainly due to high operational costs and lower sales demand which continued to exert pressure on profit margin.

Manufacturing segment which comprises manufacturing of plywood, particleboard and sawn timber contributed about 57% and 54% of the Group's total revenue for both reporting quarter and financial year-to-date respectively. The manufacturing segment recorded improved profit before tax of RM6.56 million for the reporting quarter whereas it reported lower profit before tax of RM9.02 million for the financial year-to-date when compared with the previous corresponding period. Higher selling price for plywood has contributed to the segment's improved quarterly performance. However, the lower profit when compared to previous corresponding year-to-date, was mainly due to compressed profit margin resulting from softening of export prices of the timber products and increasing operational costs exacerbated by the implementation of minimum wages since 1 January 2013.

Oil palm plantation segment recorded loss before tax of RM1.50 million in the reporting quarter when compared to profit before tax of RM2.31 million in the preceding year corresponding quarter. Loss before tax was RM0.77 million for the current financial year-to-date versus profit before tax of RM6.13 million in the preceding year corresponding period. As compared to previous corresponding year-to-date, this loss was mainly due to the sharper 31% drop in average selling price of fresh fruit bunch ("FFB") notwithstanding the 25% increase in harvested volume of FFB.



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

The Group's revenue increased from RM177.91 million in the immediate preceding quarter to RM185.59 million in the current quarter. The Group reported profit before tax of RM3.02 million as compared to RM2.55 million in the immediate preceding quarter. The higher revenue and profits were mainly attributed to the improved selling prices for timber products and containment of operational costs.

Note 17 Commentary on Prospects

The timber segment is expected to improve with firm demand for logs and timber products despite the challenge on rising operational cost. Timber and timber product prices are expected to be trending upwards in view of prevailing tight log supply in the market and in anticipation of the increased demand from the timber consuming countries.

The commencement of oil palm peak crop season coupled with the increasing palm maturity profile will see an improvement in the FFB sales. The contribution from the oil palm segment would largely be dependent on the stabilization of recent improvement in crude palm oil price.

The Group will continue to be resilient through continuous streamlining of its operations in an integrated and sustainable manner, strengthening its marketing strategies and branding with concurrent stringent 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 | |
|--|----------------------|----------------------|---------------------------------|----------------------|
| | 30.04.2013 RM'000 | 30.04.2012 RM'000 | 30.04.2013 RM'000 | 30.04.2012 RM'000 |
| Amortisation and depreciation Property, plant and equipment written | 18,929 | 17,003 | 54,807 | 50,970 |
| off | 4 | 22 | 8 | 85 |
| Inventory write down | - | 348 | - | 695 |
| Interest Expenses | 1,164 | 873 | 3,733 | 3,291 |
| Interest Income | (719) | (265) | (1,422) | (1,007) |
| Gain on disposal of property, plant and equipment | _ | (323) | (138) | (478) |
| Rental income | (403) | (75) | (3,480) | (215) |
| Fair value of reversal of loss on derivative financial instrument | (518) | (61) | - | - |
| Loss/ (Gain) on foreign exchange | ` , | , , | | |
| - realised | (1,538) | (252) | (3,917) | (4,191) |
| - unrealised | 1,180 | (244) | 927 | 844 |



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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 | |
|------------------------------|---------------|------------|---------------------------------|------------|
| | 30.04.2013 | 30.04.2012 | 30.04.2013 | 30.04.2012 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax: | | | | |
| Current period provision | 2,706 | 2,292 | 6,356 | 9,090 |
| Over provision in prior year | (1,209) | - | (1,209) | - |
| Deferred tax: | | | | |
| Current period provision | (704) | 215 | (2,273) | (841) |
| | 793 | 2,507 | 2,874 | 8,249 |

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 30.04.2013 RM'000 | As at 31.07.2012 RM'000 |
|-------------|-------------------------|-------------------------------|-------------------------------|
| Short term | borrowings: | | |
| Unsecured | -Revolving credit | - | 5,500 |
| Secured | -Term loans | 27,690 | 11,941 |
| Secured | -Hire purchase payable | 22,406 | 12,510 |
| | | 50,096 | 29,951 |
| Long term | borrowings: | | |
| Secured | - Term loans | 74,588 | 86,148 |
| | - Hire purchase payable | 45,147 | 21,698 |
| | | 119,735 | 107,846 |
| Total borro | owings | 169,831 | 137,797 |

There were no borrowings denominated in foreign currency.



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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 2013, 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 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 reversal of loss of RM 518,000 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 30.04.2013 RM'000 | As at 31.07.2012 RM'000 |
|--|-------------------------|-------------------------|
| Total retained profits of Subur Tiasa Holdings Berhad and its subsidiaries: | | |
| - Realised | 439,251 | 436,765 |
| - Unrealised | (5,761) | (6,014) |
| | 433,490 | 430,751 |
| Less: Consolidation adjustments | 8,895 | 11,414 |
| Total Group retained profits as per consolidated accounts | 442,385 | 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 30 April 2013 (previous corresponding period: Nil).



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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 30.04.2013 | Financial year-to-date ended 30.04.2013 |
|---|--------------------------------|--|
| Profit for the period attributable to ordinary equity holders | | |
| of the Company (RM'000) | 2,227 | 7,275 |
| Weighted average number of ordinary shares in issue | | |
| excluding treasury shares ('000) | 188,129 | 188,130 |
| Basic earnings per share (Sen) | 1.18 | 3.87 |

(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 28 June 2013.