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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

There was no shares buy-back during the current quarter under review. 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		
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			
	31.07.2013		31.07.2012	
	Revenue	Profit/(Loss) Before Tax	Revenue	Profit Before Tax
	RM'000	RM'000	RM'000	RM'000
Logging	326,879	5,295	260,602	16,864
Manufacturing	416,200	14,437	364,771	18,940
Plantation	34,322	1,649	40,402	11,055
Others	857	(1,210)	69	286
	<u>778,258</u>	<u>20,171</u>	<u>665,844</u>	<u>47,145</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 20 September 2013, the Company acquired 100% equity interest in Merri Sdn. Bhd. (“MSB”), a company incorporated in Malaysia, for a total cash consideration of RM2. MSB is currently a dormant company and its intended principal activity is to engage in food industry.

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 RM2,065,576 from RM119,386,378 as at 31 July 2012 (last annual balance sheet) to RM117,320,802 as at 31 July 2013.

Note 14 Capital Commitments

	As at 31.07.2013 RM'000	As at 31.07.2012 RM'000
Approved and contracted for	69,015	4,150
Approved but not contracted for	1,659	831
	<u>70,674</u>	<u>4,981</u>
Analysed as follows:		
Property, plant and equipment	55,301	4,981
Investment properties	15,373	-
	<u>70,674</u>	<u>4,981</u>

Note 15 Review of Performance

In the current quarter and financial year-to-date under review, the Group recorded revenue of RM185.22 million and RM778.26 million respectively as compared to RM168.04 million and RM665.84 million in the preceding year corresponding period.

Profit before tax for the reporting quarter was RM10.02 million with a profit after tax of RM8.64 million as compared to RM14.58 million and RM10.03 million respectively in the preceding year corresponding quarter. For the current financial year-to-date, the Group registered profit before tax of RM20.17 million and profit after tax of RM15.91 million as compared to RM47.15 million and RM34.34 million in the preceding year corresponding period.

The logging segment registered profit before tax of RM3.31 million for the reporting quarter and profit before tax of RM5.29 million for the financial year-to-date respectively. The weaker performance, as compared to previous corresponding periods, was mainly due to the increasing operating costs.

Manufacturing segment which comprises manufacturing of plywood, particleboard and sawn timber contributed about 51% and 53% of the Group's total revenue for both reporting quarter and financial year-to-date respectively. The segment continued to be the main profit contributor to the Group with improved profit before tax of RM5.42 million for the reporting quarter compared to previous corresponding quarter in line with the recovery in selling price for plywood and sawn timber. For the financial year-to-date, the segment reported lower profit before tax of RM14.44 million compared to previous year due to higher operational costs.



Note 15 Review of Performance (cont'd)

Oil palm plantation segment recorded profit before tax of RM2.42 million in the reporting quarter when compared to profit before tax of RM4.92 million in the preceding year corresponding quarter. Profit before tax was RM1.65 million for the current financial year-to-date versus profit before tax of RM11.06 million in the preceding year corresponding period. As compared to previous corresponding year-to-date, the lower profit was mainly due to 32% drop in average selling price of fresh fruit bunch (“FFB”) despite the 25% increase in harvested volume of FFB.

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

The Group’s revenue slightly decreased from RM185.59 million in the immediate preceding quarter to RM185.22 million in the current quarter. The Group reported profit before tax of RM10.02 million, with more than twofold improvement from RM3.02 million in the immediate preceding quarter. The higher profits were mainly attributed to improved selling prices for logs and plywood arising from sales of high premium plywood. The implementation of effective cost controlling measures has contributed to the better performance.

Note 17 Commentary on Prospects

Despite the challenge on the operating landscape with increasing operational costs and weaker demand from India as a result of depreciation of Rupee, the timber segment is expected to continue to contribute positively with firm demand for logs and timber products. Timber and timber product prices are expected to stabilize in view of prevailing tight log supply in the market and in anticipation of the increased demand from the timber consuming countries.

The oil palm segment performance is largely dependent on the crude palm oil price. The current oil palm peak crop season coupled with the increasing palm maturity profile will see an improvement in the FFB sales and profit contribution to the Group.

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	
	31.07.2013 RM'000	31.07.2012 RM'000	31.07.2013 RM'000	31.07.2012 RM'000
Amortisation and depreciation	22,189	17,510	76,996	68,480
Accretion of interest on long term receivable	(671)	(778)	(671)	(778)
Bad debts written off	-	4	-	4
Property, plant and equipment written off	9	252	17	337
Impairment of property, plant and equipment	-	830	-	830
Impairment loss on financial assets				
- trade and other receivables	24	80	24	80
Inventory write down	3,184	75	3,184	770
Interest Expenses	1,441	1,459	5,174	4,750
Interest Income	(681)	(354)	(2,103)	(1,361)
Loss/ (Gain) on disposal of property, plant and equipment	30	(333)	(108)	(811)
Rental income	(243)	(3,014)	(3,723)	(3,229)
Fair value of loss/ (gain) on derivative financial instrument	3,822	(1,514)	3,822	(1,514)
Gain on foreign exchange				
- realised	(7,812)	(1,741)	(11,729)	(5,932)
- unrealised	(1,420)	(867)	(493)	(23)

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	
	31.07.2013 RM'000	31.07.2012 RM'000	31.07.2013 RM'000	31.07.2012 RM'000
Income tax:				
Current period provision	2,667	3,482	9,023	12,572
Under/ (Over) provision in prior year	-	1,035	(1,209)	1,035
Deferred tax:				
Current period provision	(1,909)	2,015	(4,182)	1,174
Under/ (Over) provision in respect of previous years	625	(1,976)	625	(1,976)
	<u>1,383</u>	<u>4,556</u>	<u>4,257</u>	<u>12,805</u>



Note 20 Taxation (cont'd)

The Group's effective tax rate for the current quarter and financial year-to-date was lower than the statutory rate mainly due to double deduction claimed on certain eligible expenditure.

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 31.07.2013 RM'000	As at 31.07.2012 RM'000
Short term borrowings:		
Unsecured - Revolving credit	-	5,500
- Banker acceptance	5,000	-
Secured - Term loans	20,558	11,941
- Hire purchase payable	32,120	12,510
	<u>57,678</u>	<u>29,951</u>
Long term borrowings:		
Secured - Term loans	91,869	86,148
- Hire purchase payable	71,355	21,698
	<u>163,224</u>	<u>107,846</u>
Total borrowings	<u>220,902</u>	<u>137,797</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 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	126,245	(3,822)



Note 23 Fair Value of Financial Liabilities (cont'd)

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 RM 3,822,000 for the current quarter and 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

	As at 31.07.2013 RM'000	As at 31.07.2012 RM'000
Total retained profits of Subur Tiasa Holdings Berhad and its subsidiaries:		
- Realised	444,624	436,765
- Unrealised	(2,063)	(6,014)
	442,561	430,751
Less: Consolidation adjustments	8,469	11,414
Total Group retained profits as per consolidated accounts	451,030	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 July 2013 (previous corresponding period: Nil).



Note 28 Earnings Per Share

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 31.07.2013	Financial year-to-date ended 31.07.2013
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	8,645	15,920
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,129	188,130
Basic earnings per share (Sen)	4.60	8.46

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 27 September 2013.