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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 2013. 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 2013.

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 2013, 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 2013 :

FRS effective for financial periods beginning on or after 1 January 2013

- Amendments to FRS 1: First-Time Adoption of Financial Reporting Standards - Government Loans
- Amendments to FRS 7: Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- FRS 10: Consolidated Financial Statements
- FRS 11: Joint Arrangements
- FRS 12: Disclosure of Interests in Other Entities
- Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- FRS 13: Fair Value Measurement
- FRS 119: Employee Benefits
- FRS 127: Separate Financial Statements
- FRS 128: Investments in Associates and Joint Ventures
- Amendments to FRS 1, FRS 101, FRS 116, FRS 132 and FRS 134: (Improvements to FRSs (2012))
- Amendment to IC Interpretation 2: Members’ Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))
- IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine

Adoption of the above standards and interpretations did not have any material impact 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 2013 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 for the period under review.

Note 6 Changes in Estimates

There were no changes in estimates that have had a material effect on the results of the Group for the period under review.

Note 7 Debt and Equity Securities

During the financial year-to-date, 100 shares of RM 1.00 each were purchased and retained as treasury shares. The monthly breakdown of shares bought back were as follows:

Month	No. of shares	Purchase price per share		Average price per share RM	Total cost RM
		Lowest RM	Highest RM		
October 2013	100	1.99	1.99	1.99	240
TOTAL	100	1.99	1.99	1.99	240

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 period under review.

Note 8 Dividends Paid

An interim dividend of 3% per share, less 25% income tax in respect of the financial year ended 31 July 2013, amounting to RM4,232,898 was paid on 12 December 2013 to the depositors whose names appear in the Record of Depositors on 22 November 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			
	31.01.2014		31.01.2013	
	Revenue	Profit/ (Loss) Before Tax	Revenue	Profit Before Tax
	RM'000	RM'000	RM'000	RM'000
Logging	186,055	5,415	172,415	3,647
Manufacturing	203,012	13,819	217,528	2,456
Plantation	23,156	5,262	17,478	736
Others	34	(1,143)	28	290
	<u>412,257</u>	<u>23,353</u>	<u>407,449</u>	<u>7,129</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

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.

On 6 January 2014, the Company acquired 100% equity interest in Merri Mee Sdn. Bhd. ("MMSB"), a company incorporated in Malaysia, for a total cash consideration of RM2. MMSB is currently a dormant company and its intended principal activity is to engage in food industry.

On 6 January 2014, the Company acquired 100% equity interest in Merri Marketing Sdn. Bhd. ("MMTSB"), a company incorporated in Malaysia, for a total cash consideration of RM2. MMTSB is currently a dormant company and its intended principal activity is to engage in food industry.

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 RM23,873,958 from RM129,448,728 as at 31 July 2013 (last annual balance sheet) to RM105,574,770 as at 31 January 2014.



Note 14 Capital Commitments

	As at 31.01.2014 RM'000	As at 31.07.2013 RM'000
Approved and contracted for	24,017	67,644
Approved but not contracted for	<u>9,414</u>	<u>1,659</u>
	<u>33,431</u>	<u>69,303</u>
Analysed as follows:		
Property, plant and equipment	12,828	63,903
Investment properties	<u>20,603</u>	<u>5,400</u>
	<u>33,431</u>	<u>69,303</u>

Note 15 Review of Performance

In the current quarter and financial year-to-date under review, the Group recorded higher revenue of RM197.82 million and RM412.26 million respectively as compared to RM177.91 million and RM407.45 million in the preceding year corresponding period.

Profit before tax for the reporting quarter increased fourfold to RM10.34 million from RM2.55 million. Profit after tax surged by 349% to RM8.22 million from RM1.83 million in the preceding year corresponding quarter. For the current financial year-to-date, the Group's profit before tax improved by 227% to RM23.35 million from RM7.13 million. Profit after tax grew by 244% to RM17.36 million from RM5.05 million in the preceding year corresponding period. The improvement of overall results was mainly attributed to revenue growth from the logging, manufacturing and plantation segments. The quarter witnessed recovery in average selling prices across all segments of logs, timber products and crude palm oil (CPO) price.

During the quarter, the logging and reforestation segment reported RM1.51 million in profit before tax bringing its year-to-date profit before tax totaling to RM5.41 million. This represented a 48% increase in the year-to-date profit compared to previous year corresponding period. The improvement was mainly due to better export selling price which was partly contributed by strengthening of US dollar against Ringgit Malaysia.

Manufacturing segment continues to contribute the highest earning to the Group for the second consecutive quarters. For the reporting quarter, profit before tax advanced by 226% to RM7.92 million from RM2.43 million in previous corresponding quarter. Year-to-date profit before tax has improved by RM11.36 million to RM13.82 million as compared to previous year boosted by higher export volume of particleboard and a steady recovery in plywood and sawn timber export selling prices.

Oil palm plantation segment made an impressive turnaround from a loss before tax of RM1.44 million in the preceding year corresponding quarter to a profit before tax of RM2.36 million in the reporting quarter. Financial year-to-date profit before tax leaped by sevenfold to RM5.26 million from RM0.74 million in the preceding corresponding period. The strong performance was attributed to a 26% increase in harvested volume of fresh fruit bunch (FFB) which was in line with progressive increase in maturity profile and yield of the crops. The segment also benefited from a 5% increase in FFB average selling price and implementation of stringent cost containment measures in the estates.



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

The Group's revenue decreased from RM214.44 million in the immediate preceding quarter to RM197.82 million in the current quarter while profit before tax recorded at RM10.34 million as compared to RM13.01 million in the immediate preceding quarter. The variance was attributed to lower sales volume across the key segments, affected by seasonal weather condition especially for logging operations.

Note 17 Commentary on Prospects

Timber and timber product prices are expected to firm up in anticipation of the increased demand from the timber consuming countries especially India focusing on the infrastructure development and construction. With prudent measures to improve operational efficiency at the supply chain and delivery, the timber segment will continue to be the main profit contributor.

The increase in our palm trees maturity profile and the recent stabilisation of the increase in crude palm oil price will see positive contribution from our oil palm segment. The quantum of profit contribution would largely be dependent on crude palm oil price which is correlated to the movement of world edible oil and related markets and the impact arising from the green movement on the sustainable palm oil.

The Group will continue to be resourceful and capitalise on strategic streamlining of operations in an integrated and sustainable manner, strengthening marketing strategies parallel with effective cost management, while diversifying 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 was derived after taking into consideration of the following:

	Quarter ended		Financial year-to-date ended	
	31.01.2014	31.01.2013	31.01.2014	31.01.2013
	RM'000	RM'000	RM'000	RM'000
Amortisation and depreciation	23,778	18,052	46,123	35,877
Property, plant and equipment written off	7	2	11	4
Inventory written down	2,099	-	3,063	-
Interest expenses	2,598	1,275	4,936	2,569
Interest income	(516)	(367)	(937)	(704)
Gain on disposal of property, plant and equipment	-	(56)	(470)	(138)
Rental income	(241)	(1,554)	(446)	(3,077)
Fair value of reversal of gain/ (gain) on derivative financial instrument	1,113	518	(3,822)	518
(Gain)/ loss on foreign exchange				
- realised	(717)	(2,426)	(4,244)	(2,942)
- unrealised	(701)	(777)	217	(253)



Note 20 Taxation

The Group's taxation for the period under review was as follows:

	Quarter ended		Financial year-to-date ended	
	31.01.2014	31.01.2013	31.01.2014	31.01.2013
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period provision	3,220	1,419	7,774	3,650
Deferred tax:				
Current period provision	(1,095)	(701)	(1,779)	(1,569)
	<u>2,125</u>	<u>718</u>	<u>5,995</u>	<u>2,081</u>

The Group's effective tax rate for the current quarter and financial year-to-date under was lower than the statutory tax 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	As at
		31.01.2014	31.07.2013
		RM'000	RM'000
Short term borrowings:			
Unsecured	- Banker acceptance	-	5,000
	- Term loans	-	2,800
	- Revolving credit	40,000	-
Secured	- Term loans	22,975	14,758
	- Hire purchase payable	48,672	32,120
		<u>111,647</u>	<u>54,678</u>
Long term borrowings:			
Secured	- Term loans	80,656	94,869
	- Hire purchase payable	104,813	71,355
		<u>185,469</u>	<u>166,224</u>
Total borrowings		<u>297,116</u>	<u>220,902</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 January 2014, 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 2013:

- (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 gain of RM1,113,000 for the current quarter and gain of RM3,822,000 for 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 31.01.2014 RM'000	As at 31.07.2013 RM'000
Total retained profits of Subur Tiasa Holdings Berhad and its subsidiaries:		
- Realised	457,633	456,458
- Unrealised	(379)	(13,719)
	<u>457,254</u>	<u>442,739</u>
Less: Consolidation adjustments	7,079	8,469
Total Group retained profits as per consolidated accounts	<u>464,333</u>	<u>451,208</u>

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 2014 (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 31.01.2014	Financial year- to-date ended 31.01.2014
Profit for the period attributable to ordinary equity holders of the Company (RM'000)	8,219	17,358
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,129	188,129
Basic earnings per share (Sen)	4.37	9.23

(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 27 March 2014.