

JAYA TIASA HOLDINGS BHD (3751-V)
QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2012

Part A – Explanatory Notes Pursuant to FRS 134

1 Basis of preparation

The quarterly report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”) 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 financial year ended 30 June 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 the financial position and performance of the Group since the financial year ended 30 June 2012.

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial period ended 30 June 2012 except for the adoption of new FRSs, amendments and IC interpretations which are relevant to the Group for the financial year beginning 1 July 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

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the period ended 30 June 2012 was not qualified.

3 Seasonal and Cyclical Factors

Save for the weather conditions which may affect our operations, our principal business operations have not been significantly affected by any seasonal and cyclical factors.

4 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.

5 Changes in estimates

There were no changes in estimates of amounts reported in prior quarters which have a material impact on the current quarterly report.

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6 Debt and Equity Securities

During the quarter, 1,248,200 shares of RM 1.00 each were purchased and retained as treasury shares. The monthly breakdown of shares bought back is as follows:

Month	No of shares purchased	Purchase price per share		Average price per share paid	Total consideration paid
		Lowest	Highest		
		RM	RM	RM	RM
Oct 2012	705,100	2.21	2.36	2.2917	1,615,861
Nov 2012	543,100	2.10	2.24	2.1964	1,192,867
Total	1,248,200	2.10	2.36	2.2502	2,808,728

On 31 December 2012, the number of shares retained as treasury shares amounted to 5,719,000.

Apart from the above there were no other issuances and repayments of debt and equity securities for the period.

7 Dividends Paid

A first and final dividend of 5.15% less 25% tax in respect of the financial year ended 30 June 2012 amounting to RM37,388,947 was paid on 14th December 2012.

8 Segmental Information

The segment information in respect of the Group's business segments for the period-to-date ended 31 December 2012 is as follows:

	Quarter ended 31 December 2012		Quarter ended 31 December 2011	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000
Logs	203,913	(5,474)	156,812	28,806
Wood processing	207,862	9,350	181,986	11,467
Oil palm operations	148,470	26,341	159,321	70,129
Others & Admin expenses	317	(9,850)	135	8,133
Consolidated total	<u>560,562</u>	<u>20,367</u>	<u>498,254</u>	<u>118,535</u>

9 Carrying Amount of Revalued Assets

The Group did not carry out any valuations on its property, plant and equipment during the current quarter and financial year-to-date. The carrying value of property, plant and equipment is based on the valuation incorporated in the annual financial statements for the period ended 30 June 2012.

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10 Subsequent Events

No material events have arisen during the interval between the end of the current quarter and the date of this announcement that have not been reflected in the current quarterly report.

11 Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter, which were previously not announced.

12 Contingent Liabilities and Contingent Assets

There are no significant changes in contingent liabilities or assets as at the end of the current quarter.

13 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the quarterly report is as follows:

	As at 31 December 2012 RM'000	As at 30 June 2012 RM'000
Authorised and contracted for	78,015	77,496
	<u>78,015</u>	<u>77,496</u>

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

14 Review of Performance

(a) Comparison of Results with Previous Corresponding Period

For the quarter under review, the Group's revenue increased by 13.5% to RM286.2 million as compared with RM252.1 million in the previous corresponding quarter. Its pre-tax profit was down by 97% to RM2.2 million from RM65.5 million attained in the same period last year.

Better revenue was attributable to improvement in logs and plywood sales volume by 88% and 35% respectively.

Lower pre-tax profit was affected by:-

- 21% and 11% fall in logs and plywood average selling prices respectively; and
- 32% and 27% decrease in fresh fruit bunches (FFB) and crude palm oil (CPO) average selling prices respectively.

(b) Comparison of Year-to-date with Previous Year-to-date

For the financial year-to-date, the Group's revenue of RM560.6 million was 13% higher than RM498.3 million reported in the previous corresponding period. However, pre-tax profit had dropped by 83% to RM20.4 million as compared with RM118.5 million recorded a year ago.

Improvement in revenue was caused by 58% and 31% increased in logs and plywood sales volume respectively, whereas lower pre-tax profit was mainly due to:-

- 16% and 11% decrease in logs and plywood average selling prices respectively; and
- 22% and 17% drop in fresh fruit bunches (FFB) and crude palm oil (CPO) average selling prices respectively.

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

The Group's pre-tax profit for current quarter reduced by 88% to RM2.2 million from RM18.1 million reported in preceding first quarter.

The decrease in pre-tax profit were attributable to 24% and 23% drop in fresh fruit bunches (FFB) and crude palm oil (CPO) average selling prices respectively.

16 Commentary on Prospects

The sentiment for the timber division is expected to turn positive with the improvement of US housing starts and the tight log supply condition.

The recent Government's effort on CPO export tax cut and the increase of biodiesel blend to 10% would improve the outlook of oil palm industries.

As for our oil palm division, increase in FFB production yield will continue to contribute positively to the Group's profitability with more palms entering their prime production age and additional planted estates reaching into maturity.

The performance for the current financial year will be dependent on the recovery of the timber and CPO prices.

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17 Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes on the variation of actual profit after tax and minority interest, and shortfall in profit guarantee are not applicable.

18 Profit for the Period

Included in the profit before tax are the following items :

	Current quarter		Cumulative quarter	
	31 December 2012 RM'000	31 December 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000
Amortisation	4,161	4,176	8,331	8,351
Bad debts written off	-	1,009	-	1,009
Depreciation	18,198	17,151	36,530	34,275
Interest expenses	4,780	6,055	10,790	11,723
Loss on disposal of property, plant and equipment	3	29	12	98
Unrealised foreign exchange loss	333	-	1,248	448
Interest income	(2,430)	(35)	(2,445)	(54)
Gain on disposal of property, plan and equipment	-	(164)	-	(707)
Gain on disposal of subsidiary	-	(27,595)	-	(27,595)
Unrealised foreign exchange gain	(5)	(451)	(223)	(3)
Fair value gain on derivative assets	(9,238)	(7,890)	(8,234)	(8,956)

19 Taxation

Taxation comprise:-

	Current quarter		Cumulative quarter	
	31 December 2012 RM'000	31 December 2011 RM'000	31 December 2012 RM'000	31 December 2011 RM'000
Current taxation	4,413	3,581	8,206	12,172
Deferred taxation	(5,366)	4,908	(5,766)	11,476
	<u>(953)</u>	<u>8,489</u>	<u>2,440</u>	<u>23,648</u>

The current period effective tax rate of the Group is lower than the statutory tax rate mainly due to the tax credit of certain subsidiaries. Whereas the effective tax rate for the corresponding period was lower than the statutory rate mainly due to no tax effect on the gain on disposal of subsidiary.

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20 Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial period-to-date.

21 Corporate Proposals

(a) There were no corporate proposals announced or pending completion as at the date of this quarterly report.

(b) Status of Utilisation of Proceed Raised from Corporate Proposal

As at the end of the quarter under review, the proceeds from the placement of new ordinary shares have been utilised as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation RM'000	%	Remark
Repayment of bank borrowings	110,000	104,200	within 6 months	5,800	5	
Construction of palm oil mills	235,000	65,000	within 24 months	170,000	72	
Working capital/ acquisitions	6,716	-	within 24 months	6,716	100	
Expenses in relation to the placement	6,500	5,948	within 3 months	552	8	
Short-term investment	-	157,000		(157,000)	-	(1)
	<u>358,216</u>	<u>332,148</u>		<u>26,068</u>		(2)

Remark:-

- (1) Short term money market placement.
- (2) Deviation is due to the difference between the actual and the estimated issue price of the placement share of 7.28%

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22 Borrowings and Debt Securities

	As at 31 December 2012 RM'000	As at 30 June 2012 RM'000
Secured borrowings:		
Short term	31,430	30,932
Long term	18,986	32,137
	<u>50,416</u>	<u>63,069</u>
Unsecured borrowings:		
Short term	303,010	349,514
Long term	495,192	475,878
	<u>798,202</u>	<u>825,392</u>
	<u>848,618</u>	<u>888,461</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>21,611</u>	<u>68,014</u>

23 Material litigation

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

24 Disclosure of Realised and Unrealised Profits or Losses

	As at 31 December 2012 RM'000	As at 30 June 2012 RM'000
Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries		
- Realised	853,369	1,175,895
- Unrealised	93,774	(91,029)
	<u>947,143</u>	<u>1,084,866</u>
Less: Consolidation adjustments	(199,616)	(203,356)
Total group retained profits as per consolidated accounts	<u>747,527</u>	<u>881,510</u>

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25 Dividend Payable

- (a) No interim dividend has been declared by the Board of Directors for the current quarter (previous corresponding period: Nil).
- (b) Total dividends – Not applicable.

26 Earnings per share (EPS) - Basic

Basic earnings per share is calculated by dividing the net profit of the period over the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

	Current Quarter		Cumulative Quarter	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Net profit attributable to the equity holders of the Company (RM'000)	2,888	56,772	17,425	93,884
Weighted average number of Ordinary shares in issue ('000)	968,596	968,596	969,158	969,158
Basic earnings per share (Sen)	0.30	5.86	1.80	9.69

27 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 27th of February 2013.