

JAYA TIASA HOLDINGS BHD (3751-V)
FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2020 - unaudited
CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	221,095	232,526	221,095	232,526
Cost of sales	(157,088)	(179,545)	(157,088)	(179,545)
Gross profit	64,007	52,981	64,007	52,981
Other income	3,628	2,081	3,628	2,081
Selling and distribution costs	(6,374)	(6,752)	(6,374)	(6,752)
Administrative expenses	(6,152)	(7,236)	(6,152)	(7,236)
Fair value change in biological assets	39	3,231	39	3,231
Operating profit	55,148	44,305	55,148	44,305
Finance costs	(8,152)	(13,279)	(8,152)	(13,279)
Profit before taxation	46,996	31,026	46,996	31,026
Income tax expense	(12,055)	(14,861)	(12,055)	(14,861)
Profit for the period	34,941	16,165	34,941	16,165
Other comprehensive income:				
Net loss on equity instrument designated as fair value through other comprehensive income	(2,506)	(9,100)	(2,506)	(9,100)
Total comprehensive income for the year	32,435	7,065	32,435	7,065
Profit attributable to:				
Owner of the parent	34,844	15,774	34,844	15,774
Non-controlling interests	97	391	97	391
	34,941	16,165	34,941	16,165
Total comprehensive income attributable to:				
Owner of the parent	32,338	6,674	32,338	6,674
Non-controlling interests	97	391	97	391
	32,435	7,065	32,435	7,065
Basic earnings per share attributable to owners of the parent (Sen)	3.60	1.63	3.60	1.63

The unaudited condensed consolidated profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to this quarterly report.

CONDENSED STATEMENTS OF FINANCIAL POSITION

	AS AT 30/09/2020 RM'000	AS AT 30/06/2020 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	1,837,179	1,875,005
Biological assets	65,456	64,495
Intangible assets	756	794
Investment securities	30,250	38,500
Deferred tax assets	13,030	19,109
	<u>1,946,671</u>	<u>1,997,903</u>
Current Assets		
Inventories	64,449	63,080
Biological assets	10,211	10,173
Trade and other receivables	39,269	36,362
Other current assets	11,085	10,163
Cash and bank balances	40,264	13,276
	<u>165,278</u>	<u>133,054</u>
TOTAL ASSETS	<u><u>2,111,949</u></u>	<u><u>2,130,957</u></u>
EQUITY AND LIABILITIES		
Current Liabilities		
Interest bearing loans and borrowings	379,331	571,318
Trade and other payables	181,896	188,213
Income tax payable	2,414	1
	<u>563,641</u>	<u>759,532</u>
EQUITY AND LIABILITIES		
Non-current Liabilities		
Interest bearing loans and borrowings	371,880	230,842
Deferred tax liabilities	35,175	31,765
	<u>407,055</u>	<u>262,607</u>
Total Liabilities	<u>970,696</u>	<u>1,022,139</u>
Net assets	<u>1,141,253</u>	<u>1,108,818</u>
Equity Attributable to owners of the parent		
Share capital	977,402	977,402
Treasury shares	(13,687)	(13,687)
Other Reserves and Retained Earnings	178,470	146,132
	<u>1,142,185</u>	<u>1,109,847</u>
Non-controlling interests	<u>(932)</u>	<u>(1,029)</u>
Total Equity	<u>1,141,253</u>	<u>1,108,818</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,111,949</u></u>	<u><u>2,130,957</u></u>
Net assets per share attributable to equity holders (RM)	1.18	1.15
Number of ordinary shares net of treasury shares	967,991	967,991

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached.

FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2020 - unaudited

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 01 July 2020	977,402	(13,687)	(31,505)	177,637	1,109,847	(1,029)	1,108,818
Profit for the year	-	-	-	34,844	34,844	97	34,941
Other comprehensive income	-	-	(2,506)	-	(2,506)	-	(2,506)
Total comprehensive income	-	-	(2,506)	34,844	32,338	97	32,435
Transfer of fair value adjustment reserve upon disposal of equity instruments designated as at fair value through other comprehensive income/(loss)	-	-	3,756	(3,756)	-	-	-
At 30 September 2020	977,402	(13,687)	(30,255)	208,725	1,142,185	(932)	1,141,253
At 01 July 2019	977,402	(13,687)	(43,399)	249,729	1,170,045	(1,171)	1,168,874
Profit for the year	-	-	-	15,774	15,774	391	16,165
Other comprehensive income	-	-	(9,100)	-	(9,100)	-	(9,100)
Total comprehensive income	-	-	(9,100)	15,774	6,674	391	7,065
At 30 September 2019	977,402	(13,687)	(52,499)	265,503	1,176,719	(780)	1,175,939

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to this quarterly report.

FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2020 - unaudited

CONDENSED STATEMENTS OF CASH FLOWS

	Current 3 months ended 30/09/2020 RM'000	Corresponding 3 months ended 30/09/2019 RM'000
Cash Flows from Operating Activities		
Profit before taxation	46,996	31,026
Adjustments for:		
Bad debts written off	-	6
Depreciation and amortisation	40,424	44,354
Fair value change in biological assets	(39)	(3,231)
Interest expenses	7,811	12,916
Interest income	(5)	(16)
Net loss on disposal of property, plant and equipment	17	343
Net unrealised foreign exchange loss/ (gain)	69	(153)
Provision for obsolete inventories	-	650
Reversal of fair value gain on derivatives	-	219
Operating cash flows before working capital changes	95,273	86,114
Net change in current assets	(4,734)	(17,037)
Net change in current liabilities	(6,119)	9,424
Cash flows from operations	84,420	78,501
Interest received	5	16
Interest paid	(7,811)	(12,916)
Income taxes paid, net of refund	(881)	3,983
Net cash flows from operating activities	75,733	69,584
Cash Flows used in Investing Activities		
Acquisition of property, plant and equipment	(2,516)	(2,666)
Acquisition of biological assets	(2,552)	(3,860)
Proceeds from disposal of property, plant and equipment	1,531	1,104
Proceeds from disposal of investment securities	5,744	-
Net cash flows used in investing activities	2,207	(5,422)
Cash Flows used in Financing Activities		
Net proceeds/(repayment) of revolving credit and bankers' acceptances	17	(18,604)
Repayments of lease liabilities	(2,111)	(3,459)
Repayments of term loans	(1,350)	(16,042)
Net cash flows used in financing activities	(3,444)	(38,105)
Net change in cash and cash equivalent	74,496	26,057
Effects of exchange rate changes	-	15
Cash and cash equivalents at the beginning of the year	(109,991)	(131,501)
Cash and cash equivalents at the end of the year	(35,495)	(105,429)
Cash and bank balances	40,264	15,971
Bank overdrafts	(75,759)	(121,400)
	(35,495)	(105,429)

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to this quarterly report.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

1 *Basis of Preparation*

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Chapter 9 Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2020. The explanatory notes attached to the interim financial 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 2020.

The significant accounting policies adopted in the quarterly report are consistent those adopted in the Group's audited financial statements for the financial year ended 30 June 2020. At the date of authorisation of these interim financial statements, the Group had not adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB"). The Group intend to adopt these amendments/standards, if applicable, when they become effective.

<i>MFRSs and/or IC Interpretations (Including the Consequential Amendments)</i>	<i>Effective Date</i>
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 1: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Proceeds before intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate of Joint Venture	Deferred

The adoption of the above do not have any significant impact to the Group.

2 *Auditors' Report on Preceding Annual Financial Statements*

The auditors' report on the financial statements for the year ended 30 June 2020 was not qualified.

3 *Seasonal and Cyclical Factors*

Production of fresh fruit bunches ("FFB") is cyclical in nature. The peak crops season of FFB normally is in the second half of the year but depends on weather conditions.

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.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

5 ***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.

6 ***Debt and Equity Securities***

There were no issuances or repayments of debt and equity securities during the financial period. The number of shares retained as treasury shares amounted to 5,727,000 as at 30 September 2020.

7 ***Dividends Paid***

There were no dividends paid during the financial period.

8 ***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 year ended 30 June 2020.

9 ***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.

10 ***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.

11 ***Contingent Liabilities and Contingent Assets***

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

JAYA TIASA HOLDINGS BHD (3751-V)
FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

12 Segmental Information

The financial information in respect of the Group's business segments for the current financial period ended 30 September 2020 is as follows:

	Oil Palm	Timber	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External	178,021	42,965	109		221,095
Inter segment	133,637	51,364	1,336	(186,337)	-
Total Revenue	311,658	94,329	1,445	(186,337)	221,095
EBITDA	96,589	1,613	(31)	-	98,171
Finance cost	(5,814)	(2,310)	(28)	-	(8,152)
Depreciation and amortisation	(35,147)	(2,994)	(2,283)	-	(40,424)
Segmental result	55,628	(3,691)	(2,342)	-	49,595
Group admin and overhead cost					(2,599)
Profit before tax					46,996
Segment assets	1,791,357	264,249	56,344	-	2,111,950
Segment liabilities	708,496	258,050	4,150	-	970,696

13 Property, Plant and Equipment

Acquisition and disposal of items of property, plant and equipment by the Group for the current financial period ended 30 September 2020 is as follows:

	Acquisition	Disposal
	RM'000	RM'000
Factory, building and quarter	1,078	(1,748)
Road and bridge	100	-
Furniture, fitting and equipment	26	-
Aircraft and Motor vehicle	184	(14,178)
Plant and machinery	116	(655)
Total	1,504	(16,581)

JAYA TIASA HOLDINGS BHD (3751-V)
FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

14 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 30 September 2020 RM'000	As at 30 June 2020 RM'000
Approved and contracted for	<u>10,869</u>	<u>11,770</u>

15 Fair value of Financial Instruments

The Group uses the following levels of fair value hierarchy in measuring the fair value of financial instruments.

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

As at 30 September 2020, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Equity investments quoted in Malaysia	30,250	-	-	30,250
Biological assets	-	-	75,667	75,667
	<u>30,250</u>	<u>-</u>	<u>75,667</u>	<u>105,917</u>

The methods and valuation techniques used for the purpose of measuring fair value are consistent with the previous financial year ended 30 June 2020. There have been no transfers between the levels during the year.

JAYA TIASA HOLDINGS BHD (3751-V)
FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

16 Significant Related Party Transactions

The Group entered into the following significant related parties transactions with companies connected to certain Directors of the Companies and its subsidiaries for the current financial period ended 30 September 2020.

	Period-to-date	
	30.09.2020 RM'000	30.09.2019 RM'000
i) Purchase of logs from Binamewah Sdn Bhd	-	621
ii) Purchase of raw materials from Petanak Enterprise Sdn Bhd	958	1,118
iii) Purchase of lubricant and spare parts from Rimbunan Hijau General Trading Sdn Bhd	1,219	988
iv) Provision of towage and freight charges by Subur Group	11	105
v) Land rental for oil palm plantation development by RH Group	1,984	2,545
vi) Sale of CPO to Borneo Edible Oil Sdn Bhd	140,111	126,066
vii) Provision of logging contract services to Tapak Megah Sdn Bhd	-	235
viii) Provision of freight and towage services by Oriental Evermore Group	981	912
ix) Provision of construction services by Moverstar (M) Sdn Bhd	872	-

JAYA TIASA HOLDINGS BHD (3751-V)
FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

17 Performance Review for Current Quarter and Financial Year to Date

	Individual Period		Changes
	Current Year First Quarter 30.09.2020 RM'000	Preceding Year Corresponding First Quarter 30.09.2019 RM'000	
<u>Revenue</u>			
<i>Oil Palm</i>	178,021	173,345	3%
<i>Timber</i>	42,965	59,041	-27%
<i>Others</i>	109	140	-22%
	221,095	232,526	-5%
<u>Operating Profit/(Loss)</u>			
<i>Oil Palm</i>	61,442	62,404	-2%
<i>Timber</i>	(1,381)	(13,786)	90%
<i>Others</i>	(4,913)	(4,313)	-14%
	55,148	44,305	24%
<u>Profit/(Loss) Before Tax</u>			
<i>Oil Palm</i>	55,629	52,806	5%
<i>Timber</i>	(3,691)	(17,447)	79%
<i>Others</i>	(4,942)	(4,333)	-14%
	46,996	31,026	51%
Profit After Tax	34,941	16,165	>100%
Profit Attributable to Owner of the Parent	34,844	15,774	>100%

Although the overall Group revenue for the current quarter was lower as compared to the corresponding quarter last year, the revenue generated from oil palm division improved slightly by 3%. The reduction in revenue from timber division was mainly due to 18% and 27% decrease in log and plywood sales volume respectively.

However, the pre-tax profit for the current quarter was better when compared to the corresponding quarter mainly due to:-

- higher profit margin in oil palm division as a result of 34% and 29% increase in average CPO and PK selling prices respectively , and
- the reduction in average log and plywood cost of production by 14% and 33% respectively due to lower depreciation amount.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

18 Performance Review for Current Quarter with Immediate Preceding Quarter

	Individual Period		Changes
	Current Quarter 30.09.2020 RM'000	Immediate Preceding Quarter 30.06.2020 RM'000	
<u>Revenue</u>			
<i>Oil Palm</i>	178,021	104,531	70%
<i>Timber</i>	42,965	34,686	24%
<i>Others</i>	109	38	>100%
	221,095	139,255	59%
<u>Operating Profit/(Loss)</u>			
<i>Oil Palm</i>	61,442	17,180	>100%
<i>Timber</i>	(1,381)	(8,977)	85%
<i>Others</i>	(4,913)	(5,449)	10%
	55,148	2,754	>100%
<u>Profit/(Loss) Before Tax</u>			
<i>Oil Palm</i>	55,629	6,901	>100%
<i>Timber</i>	(3,691)	(12,042)	69%
<i>Timber - Impairment</i>	-	(91,798)	>100%
<i>Others</i>	(4,942)	(12,931)	62%
	46,996	(109,870)	>100%
Profit/(Loss) After Tax	34,941	(36,786)	>100%
Profit/(Loss) Attributable to Owner of the Parent	34,844	(36,110)	>100%

The Group's revenue improved significantly when compared to the immediate preceding quarter mainly due to:-

- 58% and 96% improvement in the sales volume of CPO and PK as well as 13% and 10% higher average selling price respectively, and
- 83% higher log sales volume in the timber division.

FFB and CPO production volume increased by 37% and 49% respectively due to higher seasonal yield in the current quarter when compared to the immediate preceding quarter.

Better utilisation of the mills capacities coupled with lower cost of FFB production by 9% had contributed positively towards higher profit margin in the current quarter. Lower pre-tax loss for the timber division was attributable to lower depreciation amount.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

19 Group's Prospects

We expect the oil palm division to perform well in view of the current uptrend in CPO prices due to low inventory level and higher demand from major consuming countries such as China and India in replenishing their dwindling stock.

For timber segment, the average prices for timber products remain stable due to global supplies constraint and we foresee gradual improvement in this division as economic activities start to normalise.

The Group is cautious on the uncertainty in the global economy and volatile commodity prices. We will continue to take various measures to improve FFB and palm oil yield and operational efficiency.

20 Profit Forecast or Profit Guarantee

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

21 Taxation

Tax charge for the current financial period comprise:-

	Current quarter		Year-to-date	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Current taxation	2,424	3,644	2,424	3,644
Deferred taxation	9,631	11,217	9,631	11,217
	<u>12,055</u>	<u>14,861</u>	<u>12,055</u>	<u>14,861</u>

The effective tax rate for the Group is higher than the statutory tax rate of 24%. This is mainly due to certain expenses not allowable for tax deduction and reversal of deferred tax assets.

22 Corporate Proposals

There were no corporate proposals pending completion as at the date of this quarterly report.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

23 Profit for the Year

Included in the profit before tax are the following items:

	Current quarter		Year-to-date	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Amortisation	14,961	14,963	14,961	14,963
Bad debt written off	-	6	-	6
Depreciation	25,463	29,391	25,463	29,391
Fair value change in biological assets	(39)	(3,231)	(39)	(3,231)
Interest expenses	7,811	12,916	7,811	12,916
Net loss on disposal of property, plant and equipment	17	343	17	343
Net unrealised foreign exchange loss/(gain)	69	(153)	69	(153)
Interest income	(5)	(16)	(5)	(16)
Provision for obsolete inventories	-	650	-	650
Reversal of fair value gain on derivatives	-	219	-	219
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

24 Quoted Securities

During the current quarter, the Group disposed part of its investment securities in the open market for the total cash consideration of RM5,743,718.

25 Unquoted Securities

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

26 Material litigation

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

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

27 Borrowings and Debt Securities

	As at 30 September 2020					
	Long term		Short term		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
Lease Liabilities	-	7,780	-	6,704	-	14,484
Unsecured						
Bank overdraft	-	-	-	75,759	-	75,759
Banker acceptance	-	-	-	44,518	-	44,518
Revolving credit	-	-	-	142,000	-	142,000
Term loans - RC	-	140,000	-	56,000	-	196,000
Term loans	-	224,100	-	54,350	-	278,450
	-	364,100	-	372,627	-	736,727
Total	-	371,880	-	379,331	-	751,211

	As at 30 June 2020					
	Long term		Short term		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
Lease Liabilities	-	9,267	-	7,326	-	16,593
Unsecured						
Bank overdraft	-	-	-	123,267	-	123,267
Banker acceptance	-	-	-	43,000	-	43,000
Revolving credit	-	-	-	133,500	-	133,500
Term loans - RC	-	-	-	196,000	-	196,000
Term loans	-	221,575	-	68,225	-	289,800
	-	221,575	-	563,992	-	785,567
Total	-	230,842	-	571,318	-	802,160

28 Dividend Payable

No final dividend has been declared by the Board of Directors for the financial year ended 30 June 2020.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

29 Earnings per share –EPS

i) Basic EPS

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 year excluding treasury shares held by the Company.

	Current Quarter		Year-to-date	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit attributable to the equity holders of the Company (RM'000)	34,844	15,774	34,844	15,774
Weighted average number of ordinary shares in issue ('000)	967,991	967,991	967,991	967,991
Basic EPS (sen)	3.60	1.63	3.60	1.63

ii) Diluted EPS

There are no dilutive potential ordinary shares. As such, the dilutive earnings per share of the Group is equivalent to basic earnings per share.

30 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 26th November 2020.