

**JAYA TIASA HOLDINGS BHD (3751-V)**
**SECOND QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 - unaudited**
**CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
<b>Revenue</b>	176,911	244,080	387,933	499,821
Cost of sales	(215,065)	(205,516)	(398,585)	(403,067)
<b>Gross (loss)/profit</b>	(38,154)	38,564	(10,652)	96,754
Other income	4,441	2,887	7,642	7,053
Selling and distribution costs	(7,019)	(10,018)	(15,110)	(22,388)
Administrative expenses	(10,381)	(7,894)	(17,982)	(16,029)
Fair value change in biological assets	(11,965)	(9,929)	(11,048)	(8,160)
<b>Operating (loss)/profit</b>	(63,078)	13,610	(47,150)	57,230
Finance costs	(14,497)	(14,976)	(28,949)	(27,935)
<b>(Loss)/profit before taxation</b>	(77,575)	(1,366)	(76,099)	29,295
Income tax expense	18,058	(235)	17,430	(10,256)
<b>(Loss)/profit net of tax</b>	(59,517)	(1,601)	(58,669)	19,039
<b>Other comprehensive income:</b>				
Foreign currency translation	-	-	-	5
Fair value change in available-for-sale financial assets	(9,100)	(3,500)	(18,200)	(9,800)
<b>Other comprehensive income, net of tax</b>	(9,100)	(3,500)	(18,200)	(9,795)
<b>Total comprehensive income for the year</b>	(68,617)	(5,101)	(76,869)	9,244
(Loss)/profit attributable to:				
Owner of the parent	(60,056)	(2,191)	(59,185)	17,801
Non-controlling interests	539	590	516	1,238
	(59,517)	(1,601)	(58,669)	19,039
<b>Total comprehensive income attributable to:</b>				
Owner of the parent	(69,156)	(5,691)	(77,385)	8,006
Non-controlling interests	539	590	516	1,238
	(68,617)	(5,101)	(76,869)	9,244
Basic earnings per share attributable to owners of the parent (Sen)	(6.20)	(0.23)	(6.11)	1.84

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 2018 and the accompanying explanatory notes attached to this quarterly report.

SECOND QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 - unaudited

CONDENSED STATEMENTS OF FINANCIAL POSITION

	AS AT 31/12/2018 RM'000	AS AT 30/06/2018 RM'000 (restated)	AS AT 01/07/2017 RM'000 (restated)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	2,189,015	2,254,416	2,369,687
Biological assets	46,864	46,491	32,760
Land use rights	33	35	40
Intangible assets	1,030	1,117	610
Investment securities	21,700	44,900	68,700
Deferred tax assets	56,267	33,901	33,179
	<u>2,314,909</u>	<u>2,380,860</u>	<u>2,504,976</u>
<b>Current Assets</b>			
Inventories	109,120	106,911	139,649
Biological assets	4,400	9,450	13,532
Trade and other receivables	54,781	49,216	59,584
Other current assets	21,322	16,898	14,663
Derivative assets	-	-	252
Cash and bank balances	15,073	19,953	65,234
	<u>204,696</u>	<u>202,428</u>	<u>292,914</u>
<b>TOTAL ASSETS</b>	<u><u>2,519,605</u></u>	<u><u>2,583,288</u></u>	<u><u>2,797,890</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Interest bearing loans and borrowings	484,985	385,988	487,479
Trade and other payables	118,076	135,526	136,195
Income tax payable	4,811	994	4,968
Derivative liabilities	-	-	304
	<u>607,872</u>	<u>522,508</u>	<u>628,946</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Interest bearing loans and borrowings	516,652	580,041	589,358
Deferred tax liabilities	48,600	47,549	62,241
	<u>565,252</u>	<u>627,590</u>	<u>651,599</u>
<b>Total Liabilities</b>	<u>1,173,124</u>	<u>1,150,098</u>	<u>1,280,545</u>
<b>Net assets</b>	<u>1,346,481</u>	<u>1,433,190</u>	<u>1,517,345</u>
<b>Equity Attributable to owners of the parent</b>			
Share capital	977,402	977,402	977,402
Treasury shares	(13,687)	(13,687)	(13,687)
Reserves	382,694	469,919	542,320
	<u>1,346,409</u>	<u>1,433,634</u>	<u>1,506,035</u>
<b>Non-controlling interests</b>	72	(444)	11,310
<b>Total Equity</b>	<u>1,346,481</u>	<u>1,433,190</u>	<u>1,517,345</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,519,605</u></u>	<u><u>2,583,288</u></u>	<u><u>2,797,890</u></u>
Net assets per share attributable to equity holders (RM)	1.39	1.48	1.56
Number of ordinary shares net of treasury shares	967,991	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 2018 and the accompanying explanatory notes attached.

SECOND QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 - unaudited

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Exchange Difference Reserves RM'000	Fair Value Reserves RM'000	Retained Profits RM'000	Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
<b>At 01 July 2018, as previously reported</b>	977,402	(13,687)	(6,441)	-	823,186	1,780,460	(444)	1,780,016
Effect on transition to MFRSs	-	-	6,441	-	(353,267)	(346,826)	-	(346,826)
	977,402	(13,687)	-	-	469,919	1,433,634	(444)	1,433,190
Effect on adoption of MFRS 9	-	-	-	(30,100)	25,100	(5,000)	-	(5,000)
<b>At 01 July 2018, as restated</b>	977,402	(13,687)	-	(30,100)	495,019	1,428,634	(444)	1,428,190
Profit/(loss) for the period	-	-	-	-	(59,185)	(59,185)	516	(58,669)
Other comprehensive income	-	-	-	(18,200)	-	(18,200)	-	(18,200)
Total comprehensive income	-	-	-	(18,200)	(59,185)	(77,385)	516	(76,869)
Dividends on ordinary shares	-	-	-	-	(4,840)	(4,840)	-	(4,840)
Total Transactions with owners	-	-	-	-	(4,840)	(4,840)	-	(4,840)
<b>At 31 December 2018</b>	977,402	(13,687)	-	(48,300)	430,994	1,346,409	72	1,346,481
<b>At 01 July 2017, as previously reported</b>	977,402	(13,687)	(6,441)	(6,300)	855,829	1,806,803	11,310	1,818,113
Effect on transition to MFRSs	-	-	6,441	-	(307,209)	(300,768)	-	(300,768)
<b>At 01 July 2017, as restated</b>	977,402	(13,687)	-	(6,300)	548,620	1,506,035	11,310	1,517,345
Profit for the year	-	-	-	-	17,801	17,801	1,238	19,039
Other comprehensive income	-	-	5	(9,800)	-	(9,795)	-	(9,795)
Total comprehensive income	-	-	5	(9,800)	17,801	8,006	1,238	9,244
Dividends on ordinary shares	-	-	-	-	(4,840)	(4,840)	-	(4,840)
Total Transactions with owners	-	-	-	-	(4,840)	(4,840)	-	(4,840)
<b>At 31 December 2017</b>	977,402	(13,687)	5	(16,100)	561,581	1,509,201	12,548	1,521,749

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 2018 and the accompanying explanatory notes attached to this quarterly report.

SECOND QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 - unaudited

CONDENSED STATEMENTS OF CASH FLOWS

	Current 6 months ended 31/12/2018 RM'000	Corresponding 6 months ended 31/12/2017 RM'000 (restated)
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	(76,099)	29,295
Adjustments for:		
Depreciation and amortisation	87,876	88,712
Fair value change in biological assets	11,048	8,160
Interest expenses	28,025	26,274
Interest income	(64)	(132)
Net loss on disposal of property, plant and equipment	298	914
Net unrealised foreign exchange loss	111	-
Reversal of fair value loss on derivatives	-	(52)
<b>Operating cash flows before working capital changes</b>	<u>51,195</u>	<u>153,171</u>
Net change in current assets	(7,946)	(12,968)
Net change in current liabilities	<u>(17,450)</u>	<u>(6,651)</u>
<b>Cash flows from operations</b>	25,799	133,552
Interest received	64	132
Interest paid	(28,029)	(26,309)
Income taxes paid, net of refund	<u>(4,318)</u>	<u>(8,733)</u>
<b>Net cash flows (used in)/from operating activities</b>	<u>(6,484)</u>	<u>98,642</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(27,764)	(28,883)
Acquisition of biological assets	(10,640)	(17,094)
Proceeds from disposal of property, plant and equipment	<u>9,970</u>	<u>9,994</u>
<b>Net cash flows used in investing activities</b>	<u>(28,434)</u>	<u>(35,983)</u>
<b>Cash Flows from Financing Activities</b>		
Dividend paid	(4,840)	(4,840)
Net proceeds of revolving credit and bankers' acceptances	49,483	6,558
Repayments of hire purchase creditors	(6,768)	(14,422)
Repayments of term loans	(27,109)	(23,909)
Proceeds from term loans	-	44,400
<b>Net cash flows from financing activities</b>	<u>10,766</u>	<u>7,787</u>
<b>Net change in cash and cash equivalent</b>	(24,152)	70,446
Effects of exchange rate changes	(44)	-
Cash and cash equivalents at the beginning of the year	<u>(81,694)</u>	<u>(73,792)</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>(105,890)</u>	<u>(3,346)</u>
Cash and bank balances	15,073	97,640
Bank overdrafts	<u>(120,963)</u>	<u>(100,986)</u>
	<u>(105,890)</u>	<u>(3,346)</u>

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to this quarterly report.

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

***1 Accounting Policies and Basis of Preparation***

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the 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 2018. 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 2018.

For the financial period beginning 1 July 2018, the interim financial statements of the Group are the first set of interim financial statements prepared in accordance with the MFRS Framework, hence MFRS 1: First-time Adoption of Malaysian Financial Standards has been applied. The date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant interim financial report is 1 July 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect.

**a) Transition from FRS to MFRS**

**i) MFRS 9 – Financial Instruments**

The Group has applied MFRS 9 prospectively, with an initial application date of 1 July 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and fair value reserves.

The following are the changes in the classification of the Group's financial assets:

Listed equity investments previously classified as available-for-sale ("AFS") financial assets as at 30 June 2018 are now classified and measured at fair value through other comprehensive income ("OCI"). RM30 million of impairment losses was recognized in profit or loss for this investment in prior period was reclassified to fair value reserves as at 1 July 2018. The Group elected to classify irrevocably its listed equity investments under this category as it intends to hold these investments for the foreseeable future.

Equity investments in non-listed companies previously classified as AFS financial assets as at 30 June 2018 are now classified and measured as equity instruments designated at fair value through profit or loss. The Group elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. The cost of investment in the equity investments in non-listed companies of RM5 million was reclassified to retained earnings as at 1 July 2018.

**ii) Exchange difference reserves**

Under FRS, the Group recognized translation differences on foreign operation in a separate component of equity. The cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM 6.4 million were adjusted against retained earnings.

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

**I Accounting Policies and Basis of Preparation**

**a) Transition from FRS to MFRS**

iii) MFRS 116 - Property, Plant and Equipment and MFRS 141 - Agriculture: Bearer Plants

**Bearer plants**

Under the amendments to MFRS 116 and MFRS 141, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116. After initial recognition, the Group's bearer plants is measured at cost less amortisation, which involve reclassification of the bearer assets from biological assets to property, plant and equipment.

**Biological assets**

Prior to the adoption of MFRS 141 Agriculture: Bearer Plants, produce growing on bearer plants and consumable biological assets were not recognised. Following the adoption of MFRSs, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes of fair value recognised in profit or loss.

The effects on transition from FRSs to MFRSs are as follows:

**Condensed Statements of Profit or Loss**

	<b>As previously reported</b>	<b>Effect on transition to MFRS</b>	<b>Restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Quarter ended 31.12.2017</u></b>			
Cost of sales	(192,157)	(13,359)	(205,516)
Fair value change in biological assets	-	(9,929)	(9,929)
Income tax expense	(5,824)	5,589	(235)
Profit net of tax	16,098	(17,699)	(1,601)
<b><u>6 months ended 31.12.2017</u></b>			
Cost of sales	(376,349)	(26,718)	(403,067)
Fair value change in biological assets	-	(8,160)	(8,160)
Income tax expense	(18,627)	8,371	(10,256)
Profit net of tax	45,546	(26,507)	19,039

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

**I Accounting Policies and Basis of Preparation**

**a) Transition from FRS to MFRS**

**Condensed Statements of Financial Position**

	<b>As previously reported RM'000</b>	<b>Effect on transition to MFRS RM'000</b>	<b>Restated  RM'000</b>
<b><u>As at 1.7.2017</u></b>			
<b>Non-current Assets</b>			
Property, plant and equipment	1,171,915	1,197,772	2,369,687
Biological assets	1,639,812	(1,607,052)	32,760
Deferred tax assets	22,492	10,687	33,179
<b>Current Assets</b>			
Biological assets	-	13,532	13,532
<b>Non-current Liabilities</b>			
Deferred tax liabilities	146,534	(84,293)	62,241
<b>Equity</b>			
Reserves	843,088	(300,768)	542,320

	<b>As previously reported RM'000</b>	<b>Effect on transition to MFRS RM'000</b>	<b>Restated  RM'000</b>
<b><u>As at 30.06.2018</u></b>			
<b>Non-current Assets</b>			
Property, plant and equipment	1,089,736	1,164,680	2,254,416
Biological assets	1,676,971	(1,630,480)	46,491
Deferred tax assets	22,807	11,094	33,901
<b>Current Assets</b>			
Biological assets	-	9,450	9,450
<b>Non-current Liabilities</b>			
Deferred tax liabilities	145,979	(98,430)	47,549
<b>Equity</b>			
Reserves	816,745	(346,826)	469,919

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

**1 Accounting Policies and Basis of Preparation**

**a) Transition from FRS to MFRS**

**Condensed Statements of Cash Flow**

	<b>As previously reported RM'000</b>	<b>Effect on transition to MFRS RM'000</b>	<b>Restated RM'000</b>
<b><u>6 months ended 31.12.2017</u></b>			
Cash Flow from operating activities			
Profit before tax	64,173	(34,878)	29,295
Depreciation and amortisation	61,994	26,718	88,712
Fair value change in biological assets	-	8,160	8,160

**b) Adoption of new MFRSs, amendments to standards and IC interpretations**

The significant accounting policies adopted in the interim financial report are consistent with those adopted in the Group's audited financial statements for the financial year ended 30 June 2018. At the date of authorization of these interim financial statements, the Group has 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.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Annual improvements to MFRS Standards 2015-2017 Cycle:	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatment	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendment to MFRS 119: Employee Benefits	1 January 2019

**2 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 30 June 2018 was not qualified.



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

**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.

**5      *Changes in Estimates***

The estimates at 1 July 2017 and at 30 June 2018 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 July 2017, the date of transition to MFRS and as of 30 June 2018.

**6      *Debt and Equity Securities***

There were no issuances or repayments of debt and equity securities during the financial year. The number of shares retained as treasury shares amounted to 5,727,000 as at 31 December 2018.

**7      *Dividends Paid***

A final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2018 amounting to RM4,839,956 was paid on 19 December 2018

**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 2018.

**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)**  
**SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

**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 31 December 2018 is as follows:

	<b>Oil Palm</b>	<b>Timber</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>					
External	277,548	110,088	297		387,933
Inter segment	195,562	134,680	6,036	(336,278)	-
<b>Total Revenue</b>	<b>473,110</b>	<b>244,768</b>	<b>6,333</b>	<b>(336,278)</b>	<b>387,933</b>
EBITDA	29,817	22,196	164	-	52,177
Finance cost	(22,003)	(6,920)	(26)	-	(28,949)
Depreciation and amortisation	(69,336)	(17,422)	(1,118)	-	(87,876)
<b>Segmental result</b>	<b>(61,522)</b>	<b>(2,146)</b>	<b>(980)</b>	<b>-</b>	<b>(64,648)</b>
Group admin and overhead cost					(11,451)
<b>Loss before tax</b>					<b>(76,099)</b>
Segment assets	2,020,290	441,759	57,556	-	2,519,605
Segment liabilities	865,155	305,784	2,185	-	1,173,124

**13 Property, Plant and Equipment**

Acquisition and disposal of items of property, plant and equipment by the Group for the current financial period ended 31 December 2018 is as follows:

	<b>Acquisition</b>	<b>Disposal</b>
	RM'000	RM'000
Factory, building and quarter	5,647	(72)
Road and bridge	3,220	-
Furniture, fitting and equipment	1,459	(126)
Motor vehicle	12,374	(6,652)
Plant and machinery	1,543	(82)
<b>Total</b>	<b>24,243</b>	<b>(6,932)</b>

**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 31 December 2018 RM'000	As at 30 June 2018 RM'000
Approved and contracted for	<u>8,686</u>	<u>7,215</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 31 December 2018, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

	<b>Level 1</b> RM'000	<b>Level 2</b> RM'000	<b>Level 3</b> RM'000	<b>Total</b> RM'000
<b>Financial assets</b>				
Equity investments quoted in Malaysia	<u>21,700</u>	-	-	<u>21,700</u>

The methods and valuation techniques used for the purpose of measuring fair value are consistent with the previous financial year ended 30 June 2018. There have been no transfers between the levels during the year.

**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 31 December 2018.

	Period-to-date	
	31.12.2018 RM'000	31.12.2017 RM'000
i) Purchase of logs from Binamewah Sdn Bhd	-	2,126
ii) Purchase of raw materials from Petanak Enterprise Sdn Bhd	6,128	6,684
iii) Purchase of lubricant and spare parts from Rimbulan Hijau General Trading Sdn Bhd	3,504	3,252
iv) Provision of reforestation planning and advisory services by R H Development (Sarawak) Sdn Bhd	361	258
v) Provision of towage and freight charges by Subur Group	88	97
vi) Land rental for oil palm plantation development by RH Group	3,582	3,526
vii) Sale of veneer to Subur Group	-	1,404
viii) Sale of FFB to R H Selangau Palm Oil Mill Sdn Bhd	-	2,210
ix) Sale of CPO to Borneo Edible Oil Sdn Bhd	254,081	125,995
x) Provision of logging contract services to Tapak Megah Sdn Bhd	-	814
xi) Provision of freight and towage services by Oriental Evermore Group	3,058	5,020
xii) Provision of construction services by Moverstar (M) Sdn Bhd	2,017	-

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**17 Performance Review for Current Quarter and Financial Period to Date**

	Individual Period			Cumulative Period		
	Current Year 31.12.2018 RM'000	Preceding Year Corresponding Second Quarter 31.12.2017 RM'000 (restated)	Changes	Current Year To- date 31.12.2018 RM'000	Preceding Year Corresponding Period 31.12.2017 RM'000 (restated)	Changes
<b>Revenue</b>						
<i>Oil Palm</i>	123,638	163,041	-24%	277,548	328,524	-16%
<i>Timber</i>	53,096	80,972	-34%	110,088	171,182	-36%
<i>Others</i>	177	67	>100%	297	115	>100%
	<b>176,911</b>	<b>244,080</b>	<b>-28%</b>	<b>387,933</b>	<b>499,821</b>	<b>-22%</b>
<b>Operating (Loss)/Profit</b>						
<i>Oil Palm</i>	(51,713)	17,781	>-100%	(39,519)	60,896	>-100%
<i>Timber</i>	(3,633)	(32)	>-100%	4,773	4,519	6%
<i>Others</i>	(7,732)	(4,139)	-87%	(12,404)	(8,185)	-52%
	<b>(63,078)</b>	<b>13,610</b>	<b>&gt;-100%</b>	<b>(47,150)</b>	<b>57,230</b>	<b>&gt;-100%</b>
<b>(Loss)/Profit Before Tax</b>						
<i>Oil Palm</i>	(62,670)	7,080	>-100%	(61,522)	40,962	>-100%
<i>Timber</i>	(7,156)	(4,306)	-66%	(2,146)	(3,479)	38%
<i>Others</i>	(7,749)	(4,140)	-87%	(12,431)	(8,188)	-52%
	<b>(77,575)</b>	<b>(1,366)</b>	<b>&gt;-100%</b>	<b>(76,099)</b>	<b>29,295</b>	<b>&gt;-100%</b>
<b>(Loss)/Profit After Tax</b>	<b>(59,517)</b>	<b>(1,601)</b>	<b>&gt;-100%</b>	<b>(58,669)</b>	<b>19,039</b>	<b>&gt;-100%</b>
<b>(Loss)/Profit Attributable to Owner of the Parent</b>	<b>(60,056)</b>	<b>(2,191)</b>	<b>&gt;-100%</b>	<b>(59,185)</b>	<b>17,801</b>	<b>&gt;-100%</b>

For the current quarter and year-on-year review, the Group recorded lower revenue as compared to the corresponding period last year. Reduction in revenue was mainly due to 30% drop in CPO prices and decrease in FFB sales volume in the current quarter as compared to corresponding quarter. Revenue from the timber division for the quarter under review also declined as a result of 46% and 34% contraction in plywood and log sales volume respectively.

The Group registered higher pre-tax losses in the current period as compared to corresponding period mainly due to:-

- 30% and 44% decrease in CPO and PK selling price which led to lower profit margin; and
- 25% increase in FFB production cost arising from higher fertiliser cost and lower FFB production volume.

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**18 Performance Review for Current Quarter with Immediate Preceding Quarter**

	Individual Period		Changes
	Current Quarter 31.12.2018 RM'000	Immediate Preceding Quarter 30.09.2018 RM'000	
<b><u>Revenue</u></b>			
<i>Oil Palm</i>	123,638	153,910	-20%
<i>Timber</i>	53,096	56,992	-7%
<i>Others</i>	177	120	48%
	<b>176,911</b>	<b>211,022</b>	<b>-16%</b>
<b><u>Operating (Loss)/Profit</u></b>			
<i>Oil Palm</i>	(51,713)	12,194	>-100%
<i>Timber</i>	(3,633)	8,406	>-100%
<i>Others</i>	(7,732)	(4,672)	-65%
	<b>(63,078)</b>	<b>15,928</b>	<b>&gt;-100%</b>
<b><u>(Loss)/Profit Before Tax</u></b>			
<i>Oil Palm</i>	(62,670)	1,148	>-100%
<i>Timber</i>	(7,156)	5,010	>-100%
<i>Others</i>	(7,749)	(4,682)	-66%
	<b>(77,575)</b>	<b>1,476</b>	<b>&gt;-100%</b>
<b>(Loss)/Profit After Tax</b>	<b>(59,517)</b>	<b>848</b>	<b>&gt;-100%</b>
<b>(Loss)/Profit Attributable to Owner of the Parent</b>	<b>(60,056)</b>	<b>871</b>	<b>&gt;-100%</b>

When compared to the immediate preceding quarter, the lower Group's revenue was mainly due to decrease in the CPO sales volume and selling price by 8% and 13% respectively. The operating loss in the current quarter was mainly due to higher unit cost of production as a result of 27% and 45% reduction in FFB and log production volume during the seasonal monsoon period.

Decrease in the production volume of CPO and PK by 21% and 31% had led to 29% and 46% increase in unit production cost respectively as a result of lower FFB input.

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

**19 Group's Prospects**

We expect FFB and CPO to register lower production volume as we are entering the low crops season and experiencing the effect of La Nina weather phenomenon which will adversely affect our FFB harvesting, crop evacuation and OER. However, with the anticipated disruption in the supply of palm oil products and implementation of the biodiesel mandate, the price of CPO is expected to improve in the coming quarters.

With the recent approval of the Forest Management Certification for one of our four Forest Management Units and the upward revision of log export quota, we anticipate the performance of our timber division will improve gradually.

**20 Profit for the Period**

Included in the profit before tax are the following items:

	Current quarter		Year-to-date	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Amortisation	14,464	13,441	28,929	26,876
Depreciation	29,149	29,919	58,947	61,836
Fair value change in biological assets	11,965	9,929	11,048	8,160
Interest expenses	14,094	14,162	28,025	26,274
Net loss on disposal of property, plant and equipment	835	578	298	914
Net unrealised foreign exchange (gain)/ loss	-	(2,477)	111	-
Interest income	(27)	(78)	(64)	(132)
Reversal of fair value loss on derivatives	-	-	-	(52)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**21 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.

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

**22 Taxation**

Tax charge for the current financial period comprise:-

	Current quarter		Year-to-date	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Current taxation	1,952	4,517	3,886	9,720
Deferred taxation	(20,011)	(4,282)	(21,317)	536
	<u>(18,058)</u>	<u>235</u>	<u>(17,430)</u>	<u>10,256</u>

The effective tax rate for the Group is lower than the statutory tax rate of 24%. This is mainly due to the recognition of deferred tax assets for certain loss making subsidiaries.

**23 Corporate Proposals**

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

**24 Quoted Securities**

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

**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.



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**27 Borrowings and Debt Securities**

	As at 31 December 2018					
	Long term		Short term		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
<b>Secured</b>						
Finance lease	-	3,402	-	9,294	-	12,696
<b>Unsecured</b>						
Bank overdraft	-	-	-	120,963	-	120,963
Banker acceptance	-	-	-	53,899	-	53,899
Revolving credit	-	210,000	-	232,969	-	442,969
Term loans	-	303,250	-	67,860	-	371,110
	-	513,250	-	475,691	-	988,941
<b>Total</b>	-	516,652	-	484,985	-	1,001,637

	As at 30 June 2018					
	Long term		Short term		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
<b>Secured</b>						
Finance lease	-	6,865	-	11,981	-	18,846
<b>Unsecured</b>						
Bank overdraft	-	-	-	101,647	-	101,647
Banker acceptance	-	-	-	13,685	-	13,685
Revolving credit	-	233,500	3,000	200,132	3,000	433,632
Term loans	-	339,676	-	58,543	-	398,219
	-	573,176	3,000	374,007	3,000	947,183
<b>Total</b>	-	580,041	3,000	385,988	3,000	966,029

**28 Dividend Payable**

No interim dividend has been declared by the Board of Directors for the current quarter (previous corresponding period: Nil).

**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	
	31.12.2018	31.12.2017 (restated)	31.12.2018	31.12.2017 (restated)
Net (loss)/profit attributable to the equity holders of the Company (RM'000)	(60,056)	(2,191)	(59,185)	17,801
Weighted average number of ordinary shares in issue ('000 )	967,991	967,991	967,991	967,991
Basic EPS (sen)	(6.20)	(0.23)	(6.11)	1.84

**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 27<sup>th</sup> of February 2019.