

**JAYA TIASA HOLDINGS BHD (3751-V)**
**FOURTH QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 - unaudited**
**CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
<b>Revenue</b>	134,108	181,673	637,744	841,689
Cost of sales	(136,324)	(181,470)	(718,681)	(776,422)
<b>Gross (loss)/profit</b>	(2,216)	203	(80,937)	65,267
Other income	1,915	3,147	11,765	11,169
Selling and distribution costs	(5,202)	(7,103)	(25,290)	(35,994)
Administrative expenses	(10,114)	(11,933)	(37,513)	(38,310)
Fair value change in biological assets	2,053	1,007	(8,985)	(7,166)
<b>Operating loss</b>	(13,564)	(14,679)	(140,960)	(5,034)
Other expenses	-	(30,100)	-	(30,100)
Finance costs	(13,083)	(11,766)	(56,993)	(53,633)
<b>Loss before taxation</b>	(26,647)	(56,545)	(197,953)	(88,767)
Income tax expense	(64,513)	8,154	(76,925)	9,852
<b>Loss for the year</b>	(91,160)	(48,391)	(274,878)	(78,915)
<b>Other comprehensive income:</b>				
Foreign currency translation	1	-	1	-
Fair value change in available-for-sale financial assets	-	25,900	(13,300)	6,300
<b>Other comprehensive income, net of tax</b>	1	25,900	(13,299)	6,300
<b>Total comprehensive income for the year</b>	(91,159)	(22,491)	(288,177)	(72,615)
(Loss)/profit attributable to:				
Owner of the parent	(91,152)	(48,385)	(275,651)	(80,161)
Non-controlling interests	(8)	(6)	773	1,246
	(91,160)	(48,391)	(274,878)	(78,915)
<b>Total comprehensive income attributable to:</b>				
Owner of the parent	(91,151)	(22,485)	(288,950)	(73,861)
Non-controlling interests	(8)	(6)	773	1,246
	(91,159)	(22,491)	(288,177)	(72,615)
Basic earnings per share attributable to owners of the parent (Sen)	(9.42)	(5.00)	(28.48)	(8.28)

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.

FOURTH QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 - unaudited

CONDENSED STATEMENTS OF FINANCIAL POSITION

	AS AT 30/06/2019 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	2,108,378	2,246,127	2,369,687
Biological assets	53,367	46,491	32,760
Land use rights	35	35	40
Intangible assets	949	1,117	610
Investment securities	26,600	44,900	68,700
Deferred tax assets	-	33,901	33,179
	<u>2,189,329</u>	<u>2,372,571</u>	<u>2,504,976</u>
<b>Current Assets</b>			
Inventories	101,414	106,911	139,649
Biological assets	7,619	9,450	13,532
Trade and other receivables	42,670	49,216	59,584
Other current assets	21,870	16,898	14,663
Derivative assets	316	-	252
Cash and bank balances	8,821	19,953	65,234
	<u>182,710</u>	<u>202,428</u>	<u>292,914</u>
<b>TOTAL ASSETS</b>	<u><u>2,372,039</u></u>	<u><u>2,574,999</u></u>	<u><u>2,797,890</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Interest bearing loans and borrowings	490,146	385,988	487,479
Trade and other payables	201,177	135,526	136,195
Income tax payable	6,037	994	4,968
Derivative liabilities	-	-	304
	<u>697,360</u>	<u>522,508</u>	<u>628,946</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Interest bearing loans and borrowings	466,151	580,041	589,358
Deferred tax liabilities	81,155	45,560	62,241
	<u>547,306</u>	<u>625,601</u>	<u>651,599</u>
<b>Total Liabilities</b>	<u>1,244,666</u>	<u>1,148,109</u>	<u>1,280,545</u>
<b>Net assets</b>	<u>1,127,373</u>	<u>1,426,890</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	164,829	463,619	542,320
	<u>1,128,544</u>	<u>1,427,334</u>	<u>1,506,035</u>
<b>Non-controlling interests</b>	<u>(1,171)</u>	<u>(444)</u>	<u>11,310</u>
<b>Total Equity</b>	<u>1,127,373</u>	<u>1,426,890</u>	<u>1,517,345</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,372,039</u></u>	<u><u>2,574,999</u></u>	<u><u>2,797,890</u></u>
Net assets per share attributable to equity holders (RM)	1.17	1.47	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.

FOURTH QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 - 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	-	(359,567)	(353,126)	-	(353,126)
	977,402	(13,687)	-	-	463,619	1,427,334	(444)	1,426,890
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)	488,719	1,422,334	(444)	1,421,890
(Loss)/profit for the year	-	-	-	-	(275,651)	(275,651)	773	(274,878)
Other comprehensive income	-	-	1	(13,300)	-	(13,299)	-	(13,299)
Total comprehensive income	-	-	1	(13,300)	(275,651)	(288,950)	773	(288,177)
Dividends on ordinary shares	-	-	-	-	(4,840)	(4,840)	(1,500)	(6,340)
Total transactions with owners	-	-	-	-	(4,840)	(4,840)	(1,500)	(6,340)
<b>At 30 June 2019</b>	977,402	(13,687)	1	(43,400)	208,228	1,128,544	(1,171)	1,127,373
<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
(Loss)/profit for the year	-	-	-	-	(80,161)	(80,161)	1,246	(78,915)
Other comprehensive income	-	-	-	6,300	-	6,300	-	6,300
Total comprehensive income	-	-	-	6,300	(80,161)	(73,861)	1,246	(72,615)
Dividends on ordinary shares	-	-	-	-	(4,840)	(4,840)	(13,000)	(17,840)
Total transactions with owners	-	-	-	-	(4,840)	(4,840)	(13,000)	(17,840)
<b>At 30 June 2018</b>	977,402	(13,687)	-	-	463,619	1,427,334	(444)	1,426,890

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.

FOURTH QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 - unaudited

CONDENSED STATEMENTS OF CASH FLOWS

	Current 12 months ended 30/06/2019 RM'000	Corresponding 12 months ended 30/06/2018 RM'000 (restated)
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(197,953)	(88,767)
Adjustments for:		
Depreciation and amortisation	181,016	172,340
Fair value change in biological assets	8,985	7,166
Fair value gain on derivative	(316)	(52)
Impairment on investment	-	30,100
Impairment on trade and other receivables	104	-
Interest expenses	55,717	51,363
Interest income	(96)	(246)
Net loss/(gain) on disposal of property, plant and equipment	1,078	(273)
Net unrealised foreign exchange loss	218	537
Property, plant and equipment written off	-	1,041
<b>Operating cash flows before working capital changes</b>	48,753	173,209
Net change in current assets	13,641	44,671
Net change in current liabilities	57,848	(669)
<b>Cash flows from operations</b>	120,242	217,211
Interest received	96	246
Interest paid	(57,204)	(54,359)
Income taxes paid, net of refund	(1,256)	(15,288)
<b>Net cash flows from operating activities</b>	61,878	147,810
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(40,167)	(48,313)
Acquisition of biological assets	(16,358)	(22,989)
Purchase of other intangible assets	-	(520)
Proceeds from disposal of property, plant and equipment	15,904	14,866
Proceeds from disposal of biological assets	-	33
<b>Net cash flows used in investing activities</b>	(40,621)	(56,923)
<b>Cash Flows from Financing Activities</b>		
Dividend paid	(6,340)	(17,840)
Net proceeds/(repayment) of revolving credit and bankers' acceptances	10,625	(110,763)
Repayments of hire purchase creditors	(13,383)	(24,220)
Repayments of term loans	(62,543)	(34,793)
Proceeds from term loans	-	89,000
<b>Net cash flows used in financing activities</b>	(71,641)	(98,616)
<b>Net change in cash and cash equivalent</b>	(50,384)	(7,729)
Effects of exchange rate changes	61	(173)
Cash and cash equivalents at the beginning of the year	(81,694)	(73,792)
<b>Cash and cash equivalents at the end of the year</b>	(132,017)	(81,694)
Cash and bank balances	8,821	19,953
Bank overdrafts	(140,838)	(101,647)
	(132,017)	(81,694)

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 year 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 millions of impairment losses was recognized in profit or loss for this investment in prior year 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 30.06.2018</u></b>			
Cost of sales	(159,822)	(21,648)	(181,470)
Fair value change in biological assets	-	1,007	1,007
Income tax expense	3,200	4,954	8,154
Loss net of tax	(32,704)	(15,687)	(48,391)
<b><u>12 months ended 30.06.2018</u></b>			
Cost of sales	(714,696)	(61,726)	(776,422)
Fair value change in biological assets	-	(7,166)	(7,166)
Income tax expense	(6,682)	16,534	9,852
Loss net of tax	(26,557)	(52,358)	(78,915)

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**FOURTH QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

**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</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>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</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>As at 30.06.2018</u></b>			
<b>Non-current Assets</b>			
Property, plant and equipment	1,089,736	1,156,391	2,246,127
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	(100,419)	45,560
<b>Equity</b>			
Reserves	816,745	(353,126)	463,619

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**FOURTH QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

**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</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>12 months ended 30.06.2018</u></b>			
Cash Flow from operating activities			
Loss before tax	(19,875)	(68,892)	(88,767)
Depreciation and amortisation	118,903	53,437	172,340
Fair value change in biological assets	-	7,166	7,166
Cash Flow from investing activities			
Acquisition of biological assets	(31,278)	8,289	(22,989)

**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 30 June 2019.

**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)**  
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**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 year ended 30 June 2019 is as follows:

	<b>Oil Palm</b>	<b>Timber</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>REVENUE</b>					
External	457,299	179,960	485	-	637,744
Inter segment	318,410	243,292	8,402	(570,104)	-
<b>Total Revenue</b>	<b>775,709</b>	<b>423,252</b>	<b>8,887</b>	<b>(570,104)</b>	<b>637,744</b>
EBITDA	48,070	17,738	(3,823)	-	61,985
Finance cost	(41,053)	(15,880)	(60)	-	(56,993)
Depreciation and amortisation	(139,054)	(39,697)	(2,265)	-	(181,016)
<b>Segmental result</b>	<b>(132,037)</b>	<b>(37,839)</b>	<b>(6,148)</b>	<b>-</b>	<b>(176,024)</b>
Group admin and overhead cost					(21,929)
<b>Loss before tax</b>					<b>(197,953)</b>
Segment assets	1,885,665	425,067	61,307	-	2,372,039
Segment liabilities	872,898	367,181	4,587	-	1,244,666

**13 Property, Plant and Equipment**

Acquisition and disposal of items of property, plant and equipment by the Group for the current financial year ended 30 June 2019 is as follows:

	<b>Acquisition</b>	<b>Disposal</b>
	<b>RM'000</b>	<b>RM'000</b>
Factory, building and quarter	10,026	(1,276)
Road and bridge	4,549	(115,127)
Furniture, fitting and equipment	2,569	(898)
Motor vehicle	26,210	(30,527)
Plant and machinery	2,443	(8,727)
<b>Total</b>	<b>45,797</b>	<b>(156,555)</b>

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
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**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 June 2019 RM'000	As at 30 June 2018 RM'000
Approved and contracted for	<u>9,977</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 30 June 2019, 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>26,600</u>	-	-	<u>26,600</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 year ended 30 June 2019.

	Year-to-date	
	30.06.2019 RM'000	30.06.2018 RM'000
i) Purchase of logs from Binamewah Sdn Bhd	3,214	3,947
ii) Purchase of raw materials from Petanak Enterprise Sdn Bhd	9,785	13,032
iii) Purchase of lubricant and spare parts from Rimbunan Hijau General Trading Sdn Bhd	5,244	5,489
iv) Provision of reforestation planning and advisory services by R H Development (Sarawak) Sdn Bhd	364	837
v) Provision of towage and freight charges by Subur Group	172	142
vi) Land rental for oil palm plantation development by RH Group	6,144	6,260
vii) Sale of veneer to Subur Group	-	2,774
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	378,997	314,810
x) Provision of logging contract services to Tapak Megah Sdn Bhd	1,222	1,512
xi) Provision of freight and towage services by Oriental Evermore Group	5,021	8,361
xii) Provision of construction services by Moverstar (M) Sdn Bhd	5,365	-

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

	Individual Period			Cumulative Period		
	Current Year Fourth Quarter 30.06.2019 RM'000	Preceding Year Corresponding Fourth Quarter 30.06.2018 RM'000 (restated)	Changes	Current Year To- date 30.06.2019 RM'000	Preceding Year Corresponding Period 30.06.2018 RM'000 (restated)	Changes
<b><u>Revenue</u></b>						
<i>Oil Palm</i>	98,362	123,438	-20%	457,299	553,467	-17%
<i>Timber</i>	35,664	58,179	-39%	179,960	287,992	-38%
<i>Others</i>	82	56	46%	485	230	>100%
	<b>134,108</b>	<b>181,673</b>	<b>-26%</b>	<b>637,744</b>	<b>841,689</b>	<b>-24%</b>
<b><u>Operating Profit/(Loss)</u></b>						
<i>Oil Palm</i>	3,460	(16,198)	>100%	(90,984)	11,409	>-100%
<i>Timber</i>	(7,787)	7,621	>-100%	(21,960)	4,341	>-100%
<i>Others</i>	(9,237)	(6,102)	-51%	(28,016)	(20,784)	-35%
	<b>(13,564)</b>	<b>(14,679)</b>	<b>8%</b>	<b>(140,960)</b>	<b>(5,034)</b>	<b>&gt;-100%</b>
<b><u>(Loss)/Profit Before Tax</u></b>						
<i>Oil Palm</i>	(5,096)	(24,173)	79%	(132,038)	(26,101)	>-100%
<i>Timber</i>	(12,294)	3,831	>-100%	(37,839)	(11,777)	>-100%
<i>Others</i>	(9,257)	(36,203)	74%	(28,076)	(50,889)	45%
	<b>(26,647)</b>	<b>(56,545)</b>	<b>53%</b>	<b>(197,953)</b>	<b>(88,767)</b>	<b>&gt;-100%</b>
<b>Loss After Tax</b>	<b>(91,160)</b>	<b>(48,391)</b>	<b>-88%</b>	<b>(274,878)</b>	<b>(78,915)</b>	<b>&gt;-100%</b>
<b>Loss Attributable to Owner of the Parent</b>	<b>(91,152)</b>	<b>(48,385)</b>	<b>-88%</b>	<b>(275,651)</b>	<b>(80,161)</b>	<b>&gt;-100%</b>

For the financial period under review, total revenue was lower as compared to the corresponding period last year. Decline in revenue of the oil palm division was mainly due to lower selling prices of CPO and PK despite 13% and 23% rise in sales volume respectively. For the timber division, lower revenue was due to decrease in sales volume of log and plywood by 45% and 39% respectively as a result of reduction in log production volume.

Higher pre-tax losses for the current financial year were mainly due to:-

- lower CPO and PK selling prices by 23% and 36% respectively ;
- higher unit production cost of log as a result of 26% decrease in production volume

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

	<b>Individual Period</b>		Changes
	Current Quarter 30.06.2019 RM'000	Immediate Preceding Quarter 31.03.2019 RM'000	
<b><u>Revenue</u></b>			
<i>Oil Palm</i>	98,362	81,389	21%
<i>Timber</i>	35,664	34,208	4%
<i>Others</i>	82	106	-23%
	<b>134,108</b>	<b>115,703</b>	<b>16%</b>
<b><u>Operating Profit/(Loss)</u></b>			
<i>Oil Palm</i>	3,460	(54,925)	>100%
<i>Timber</i>	(7,787)	(18,946)	59%
<i>Others</i>	(9,237)	(6,375)	-45%
	<b>(13,564)</b>	<b>(80,246)</b>	<b>83%</b>
<b><u>Loss Before Tax</u></b>			
<i>Oil Palm</i>	(5,096)	(65,420)	92%
<i>Timber</i>	(12,294)	(23,399)	47%
<i>Others</i>	(9,257)	(6,388)	-45%
	<b>(26,647)</b>	<b>(95,207)</b>	<b>72%</b>
<b>Loss After Tax</b>	<b>(91,160)</b>	<b>(125,049)</b>	<b>27%</b>
<b>Loss Attributable to Owner of the Parent</b>	<b>(91,152)</b>	<b>(125,314)</b>	<b>27%</b>

When comparing to the immediate preceding quarter, the Group recorded higher revenue from the oil palm division mainly due to 47% increase in FFB production volume which has boosted the CPO and PK sales volume by 27% and 10% respectively. The improvement in the operating performance for both oil palm and timber divisions were attributed to the lower unit production cost as a result of higher production volume and cost control measures.

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**19 Group's Prospects**

We believe the CPO price is recovering gradually with the proposal from China on the quota removal for palm oil import and its ban on US agricultural products. However, the performance of the Group is dependent on the economic and market sentiment, and the development of the trade tensions.

The Board is cautious on the development of the external environment and weak global demand, and will continue to focus on cost management and operational efficiency.

**20 Loss for the Year**

Included in the loss before tax are the following items:

	Current quarter		Year-to-date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Amortisation	14,249	21,990	57,640	62,068
Depreciation	35,518	29,800	123,376	118,560
Fair value change in biological assets	(2,053)	(1,007)	8,985	7,166
Fair value gain on derivative assets	(316)	-	(315)	-
Interest expenses	12,900	11,313	55,717	50,902
Impairment of receivables	104	-	104	-
Net loss/(gain) on disposal of property, plant and equipment	466	(1,407)	1,078	696
Net unrealised foreign exchange (gain)/ loss	(260)	1,073	218	536
Interest income	(14)	(29)	(96)	(216)
Reversal of fair value loss on derivatives	-	-	-	(52)
	<hr/>	<hr/>	<hr/>	<hr/>

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

**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.

**22 Taxation**

Tax charge for the current financial year comprise:-

	Current quarter		Year-to-date	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Current taxation	(9,321)	(507)	(7,429)	(7,552)
Deferred taxation	(55,192)	8,661	(69,496)	17,404
	<u>(64,513)</u>	<u>8,154</u>	<u>(76,925)</u>	<u>9,852</u>

The effective tax rate for the Group is higher than the statutory tax rate of 24%. This is mainly due to derecognition and reversal of deferred tax assets on unabsorbed tax losses in 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 year-to-date.

**25 Unquoted Securities**

There was no purchase or disposal of unquoted securities during the current quarter and financial year-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 30 June 2019					
	Long term		Short term		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
<b>Secured</b>						
Finance lease	-	10,551	-	11,013	-	21,564
<b>Unsecured</b>						
Bank overdraft	-	-	-	140,838	-	140,838
Banker acceptance	-	-	-	55,369	-	55,369
Revolving credit	-	182,000	2,500	220,850	2,500	402,850
Term loans	-	273,600	-	62,076	-	335,676
	-	455,600	2,500	479,133	2,500	934,733
<b>Total</b>	-	466,151	2,500	490,146	2,500	956,297

	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 final dividend has been recommended by the Board of Directors in respect of the financial year ended 30 June 2019 (2018: 0.5 sen).

**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 year 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	
	30.06.2019	30.06.2018 (restated)	30.06.2019	30.06.2018 (restated)
Loss attributable to the equity holders of the Company (RM'000)	(91,152)	(48,385)	(275,651)	(80,161)
Weighted average number of ordinary shares in issue ('000 )	967,991	967,991	967,991	967,991
Basic EPS (sen)	(9.42)	(5.00)	(28.48)	(8.28)

**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 August 2019.