

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

**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 2014. 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 2014.

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 30 June 2014 except for the adoption of new FRSSs, amendments and IC interpretations which are relevant to the Group for the financial year beginning 1 July 2014:-

- Amendments to FRS 10, FRS 12 and FRS 127, Investment Entities
- Amendments to FRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies
- Amendments to FRS 2, FRS 3, FRS 8, FRS 13, FRS 116, FRS 124 and FRS 138 (Annual Improvements to FRSSs 2010-2012 Cycle)
- Amendments to FRS 1, FRS 3, FRS 13 and FRS 140 (Annual Improvements to FRSSs 2011-2013 Cycle)
- Amendments to FRS 119, Defined Benefits Plans: Employee contributions

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

The auditors’ report on the financial statements for the year ended 30 June 2014 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.

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

**Part A – Explanatory Notes Pursuant to FRS 134 ( Continued )**

**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.

**6 Debt and Equity Securities**

During the financial quarter, 1,000 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		
Aug 2014	1,000	RM 2.14	RM 2.14	RM 2.1837	RM 2,183.65

On 31 December 2014, the number of shares retained as treasury shares amounted to 5,723,000.

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

**7 Dividends Paid**

A first and final single-tier dividend of 1.5% per ordinary share in respect of the financial year ended 30 June 2014 amounting to RM14,519,924 was paid on 17<sup>th</sup> December 2014.

**8 Segmental Information**

The segment information in respect of the Group's business segments for the period-to-date ended 31 December 2014 is as follows:

	Quarter ended 31 December 2014		Quarter ended 31 December 2013	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000
Logs	189,893	46,530	170,131	40,343
Wood processing	182,723	(4,291)	183,785	11,997
Oil palm operations	177,423	9,047	163,354	22,976
Others & Admin expenses	170	(22,828)	148	(19,618)
Consolidated total	<u>550,209</u>	<u>28,458</u>	<u>517,418</u>	<u>55,698</u>

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

**Part A – Explanatory Notes Pursuant to FRS 134 ( Continued )**

**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 year ended 30 June 2014.

**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 2014 RM'000	As at 30 June 2014 RM'000
Authorised and contracted for	<u>77,594</u>	<u>68,693</u>

**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 ended 31 December 2014, the Group reported a revenue of RM288.3 million representing an increase of 6% from RM272 million recorded in the previous corresponding quarter. However, a loss before tax of RM4.0 million was registered in the current quarter as compared to a profit before tax of RM29.7 million attained in the corresponding period last year.

Pre-tax loss was resulted from:-

- 10% and 14% drop in FFB average selling price and production volume respectively
- 24% and 20% increase in FFB and CPO production cost respectively; and
- 16% and 34% decrease in plywood and veneer production volume respectively

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

For the financial year-to-date, the Group's revenue of RM550.2 million was 6.3% higher than RM517.4 million reported in the previous corresponding period. However, pre-tax profit had dropped to RM28.5 million as compared with RM55.7 million recorded previously.

The increase in total revenue was contributed from 37% and 34% rise in CPO and veneer sales volume respectively and 6% increase in average selling price of log.

Reduction in pre-tax profit were mainly due to 10% and 5% decrease in FFB sales volume and average selling prices respectively with 14% increase in FFB average production cost as a result of 3% drop in its production volume.

**15 Comparison of Profit Before Tax with Immediate Preceding Quarter**

The performance for the current quarter has contracted by 112.4% to a loss of RM4.0 million as compared with RM32.5 million profit reported in the preceding quarter.

The performance was affected by:-

- 31% drop in FFB sales volume with 27% reduction in production volume
- higher cost of production of FFB and CPO with 18% and 37% increase respectively; and
- higher veneer and CPO production cost as a result of 54% and 28% decrease in production volume respectively

**16 Commentary on Prospects**

The average selling price for the wood products are expected to improve due to the low inventory level and tight supply of logs coupled with sustainable demand. The current strong USD against the Ringgit will improve the performance from the timber segment.

For the oil palm segment, the lower production level is expected to continue in the immediate term due to seasonal variation and poor weather conditions. However, with the possibility of improvement in the weather conditions, the crop productivity and production are expected to stabilise in the coming months.

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

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

**17 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.

**18 Profit for the Period**

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Amortisation	3,529	4,173	7,129	8,346
Bad debts written off	-	-	-	11
Depreciation	21,089	16,936	41,756	34,156
Fair value loss on derivative assets	-	12	-	12
Interest expenses	8,129	6,144	15,189	11,220
Impairment of financial assets	1,300	1,500	3,000	4,170
Loss on disposal of property, plant and equipment	818	314	1,525	2,076
Net unrealised foreign exchange loss/(gain)	(409)	(102)	234	(7)
Interest income	(338)	(621)	(685)	(1,496)
Gain on disposal of property, plant and equipment	(386)	(349)	(391)	(448)

**19 Taxation**

Taxation comprise:-

	Current quarter		Cumulative quarter	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Current taxation	3,833	4,350	13,357	6,958
Deferred taxation	(3,583)	4,884	(4,449)	8,810
	<u>250</u>	<u>9,234</u>	<u>8,908</u>	<u>15,768</u>

The effective tax rate for the Group is higher than the statutory tax rate. This is mainly due to certain expenses not allowable for tax deduction.

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

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

**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	106,200	within 6 months	3,800	3	
Construction of palm oil mills	235,000	205,000	within 24 months	30,000	13	
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	-	22,740		(22,740)	-	(1)
	<u>358,216</u>	<u>339,888</u>		<u>18,328</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%.

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

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

**22 Borrowings and Debt Securities**

	As at 31 December 2014 RM'000	As at 30 June 2014 RM'000
Secured borrowings:		
Short term	7,662	10,200
Long term	7,314	5,801
	<u>14,976</u>	<u>16,001</u>
Unsecured borrowings:		
Short term	561,444	502,417
Long term	307,170	311,554
	<u>868,614</u>	<u>813,971</u>
	<u>883,590</u>	<u>829,972</u>
Borrowings denominated in foreign currency:	USD'000	RM'000 Equivalent
United States Dollars	<u>21,611</u>	<u>66,038</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 2014 RM'000	As at 30 June 2014 RM'000
Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries		
- Realised	1,055,243	1,025,559
- Unrealised	(95,734)	(84,234)
	<u>959,509</u>	<u>941,325</u>
Less: Consolidation adjustments	(160,784)	(146,632)
Total group retained profits as per consolidated accounts	<u>798,725</u>	<u>794,693</u>

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

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

**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 2014	31 December 2013	31 December 2014	31 December 2013
Net profit attributable to the equity holders of the Company (RM'000)	(4,976)	19,840	18,552	38,943
Weighted average number of Ordinary shares in issue ('000 )	967,995	967,995	967,995	967,995
Basic earnings per share (Sen)	(0.51)	2.05	1.92	4.02

**27 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 2015.