

JAYA TIASA HOLDINGS BHD (3751-V)
QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2015

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.

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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, 2,000 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	2,183.65
Mar 2015	1,000	1.86	1.86	1.9026	1,902.56
Total	2,000	1.86	2.14	2.0431	4,086.21

On 31 March 2015, the number of shares retained as treasury shares amounted to 5,724,000.

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 17th December 2014.

8 Segmental Information

The segment information in respect of the Group's business segments for the period-to-date ended 31 March 2015 is as follows:

	Quarter ended 31 March 2015		Quarter ended 31 March 2014	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000
Logs	294,488	73,849	244,704	53,252
Wood processing	275,157	9,498	280,863	21,783
Oil palm operations	223,193	(10,749)	237,065	25,417
Others & Admin expenses	512	(35,588)	218	(29,514)
Consolidated total	<u>793,350</u>	<u>37,010</u>	<u>762,850</u>	<u>70,938</u>

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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 March 2015 RM'000	As at 30 June 2014 RM'000
Authorised and contracted for	61,561	68,693

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

14 Review of Performance

(a) Comparison of Results with Previous Corresponding Period

For the quarter ended 31 March 2015, the Group reported a revenue of RM243.1 million representing a marginal decrease from RM245.4 million recorded in the previous corresponding quarter. Pre-tax profit of RM8.6 million attained in current period was 44% less than the same period last year.

Lower pre-tax profit was resulted from:-

- 12% and 49% drop in FFB average selling price and sales volume respectively
- 10% and 16% drop in CPO average selling price and sales volume respectively; and
- 33% increase in FFB production cost due to 25% reduction in FFB production volume

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

For the financial year-to-date, the Group's revenue of RM793.4 million was 4% higher than RM762.9 million reported in the previous corresponding period. However, pre-tax profit had dropped by 47.8% to RM37.0 million as compared with RM70.9 million recorded previously.

The increase in total revenue was contributed by 12% and 33% rise in log and veneer sales volume respectively, and 8% increase in average selling price of log.

Reduction in pre-tax profit were mainly due to 20% and 7% decrease in FFB sales volume and average selling prices respectively with 18% increase in FFB average production cost as a result of 9% drop in its production volume.

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

The Group's pre-tax profit for the current quarter had improved to RM8.6 million from a loss of RM4.0 million reported in the preceding quarter.

Increase in pre-tax profit was contributed by timber division arising from stronger USD and higher average log selling price.

16 Commentary on Prospects

The outlook for the timber division is expected to remain stable due to the limited log supply coupled with a strong USD which is favourable to our export sales.

As we are entering into high crop season, FFB production is expected to pick up which will lead to a lower FFB production cost. However, significant increase in the near-term CPO price would be limited due to higher inventory level resulting from the seasonal high crop production.

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17 Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes on the variation of actual profit after tax and 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 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Amortisation	3,565	4,172	10,694	12,518
Bad debts written off	-	-	-	11
Depreciation	20,984	16,848	62,740	51,003
Fair value loss on derivative assets	1,193	1,367	1,193	1,379
Interest expenses	7,349	5,655	22,538	16,875
Impairment of financial assets	882	-	3,882	4,170
Loss on disposal of property, plant and equipment	2,112	28	3,637	2,104
Net unrealised foreign exchange loss	726	129	960	122
Interest income	(181)	(482)	(866)	(1,978)
Gain on disposal of property, plant and equipment	(64)	(27)	(455)	(475)

19 Taxation

Taxation comprise:-

	Current quarter		Cumulative quarter	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Current taxation	(4,481)	(1,888)	8,876	5,070
Deferred taxation	11,335	8,259	6,886	17,069
	<u>6,854</u>	<u>6,371</u>	<u>15,762</u>	<u>22,139</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.

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20 Quoted Securities

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

21 Unquoted Securities

During the period under review, the Company has subscribed for five million new ordinary shares of RM1.00 each in Borneo Edible Oils Sdn Bhd (“BEO”) representing 10% of the issued and paid-up capital of BEO.

22 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	-	22,918		(22,918)	-	(1)
	<u>358,216</u>	<u>340,066</u>		<u>18,150</u>		(2)

Remark:-

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

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23 Borrowings and Debt Securities

	As at 31 March 2015 RM'000	As at 30 June 2014 RM'000
Secured borrowings:		
Short term	17,197	10,200
Long term	28,473	5,801
	<u>45,670</u>	<u>16,001</u>
Unsecured borrowings:		
Short term	557,083	502,417
Long term	332,753	311,554
	<u>889,836</u>	<u>813,971</u>
	<u>935,506</u>	<u>829,972</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>21,611</u>	<u>68,530</u>

24 Material litigation

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

25 Disclosure of Realised and Unrealised Profits or Losses

	As at 31 March 2015 RM'000	As at 30 June 2014 RM'000
Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries		
- Realised	1,084,071	1,025,559
- Unrealised	(95,009)	(84,234)
	<u>989,062</u>	<u>941,325</u>
Less: Consolidation adjustments	(189,703)	(146,632)
Total group retained profits as per consolidated accounts	<u>799,359</u>	<u>794,693</u>

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26 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.

27 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 March 2015	31 March 2014	31 March 2015	31 March 2014
Net profit attributable to the equity holders of the Company (RM'000)	635	8,168	19,186	47,111
Weighted average number of Ordinary shares in issue ('000)	967,994	967,994	967,994	967,994
Basic earnings per share (Sen)	0.07	0.84	1.98	4.87

28 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 27th of May 2015.