

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**QUARTERLY REPORT FOR THE FORTH FINANCIAL QUARTER ENDED 30 APRIL 2011**

**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 April 2010. 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 April 2010.

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 April 2010 except for the adoption of new FRSSs, amendments and IC interpretations which are relevant to the Group for the financial year beginning 1 May 2010. The adoption of these FRSSs, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the followings FRSSs as set out below:

**(i) FRS 8: Operating Segments**

Following the adoption of FRS 8, the segment information is presented in a manner that used for internal reporting purposes to the “chief operating decision maker” who make decisions on the allocation of resources and assesses of performance of the reportable segments. As the change affects presentation only, there will not be any impact on the financial position and results of the Group.

**(ii) FRS 101: Presentation of financial statement (revised)**

The FRS 101 (revised) has introduced changes in terminology, titles for the financial statements as well as format and content of the financial statements. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income whilst all owner changes in equity in the consolidated statement of changes in equity. The adoption of the revised standard affects presentation only, and does not have any impact on the financial position and results of the Group.

**(iii) FRS 117: Leases**

With the adoption of the amendment to FRS 117, the classification of leasehold land as finance lease or operating lease is based on the extent to which risk and rewards incidental to ownership lie. The change in accounting policy has been made retrospectively in accordance with the transitional provision of the amendment.

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

**(iv) FRS 139: Financial Instruments: Recognition and Measurement**

FRS 139 establishes principals for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial item. A financial instrument is recognised in the financial statements when and only when the Group becomes a party to the contractual provisions of the instrument. The Group’s classification of its financial instrument depends on the nature of the assets and liabilities and the purpose for which the assets/liabilities were acquired/incurred. Management determines the classification of its financial assets and liabilities at initial recognition. Set up below are the major changes in classifications of financial assets and liabilities of the Group:

**(1) Loan and receivable**

The Group’s loans and receivables category comprises of trade and other receivables. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest (“EIR”) method. Gains and losses arising from derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the statement of comprehensive income.

**(2) Derivative financial instruments**

Prior to the adoption of FRS 139, derivative financial instruments were not recognised in the financial statements. After the adoption of the standard, derivative financial instruments are initially recognised at fair value on the date the derivative contract is enter into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument.

The Group designates derivative financial instruments as hedges of a particular risk associated with a recognised assets or a highly probable forecast transaction (cash flow).

The effective portion of the gain or loss on the hedge instrument is recognised in other comprehensive income (“OCI”). Whereas the ineffective portion of the changes in fair value is recognised immediately in the profit or loss.

When a hedging instrument expires or sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remain in equity is ultimately recognised in the profit or loss. When a forecast transaction is ultimately recognised in the profit or loss, or is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the profit or loss.

The carrying amount of the derivative is presented as a non current asset or liability if the remaining expected life of the hedge item is more than 12 months, and as a current asset or liability as the remaining expected life is less than 12 months.

**(3) Financial liabilities**

The Group’s financial liabilities include trade and other payables and loan and borrowings. These financial liabilities are initially measured at fair value and subsequently measured at amortised cost using EIR method.

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**(iv) FRS 139: Financial Instruments: Recognition and Measurement ( Continued )**

In accordance with the transitional provision of FRS 139, the above changes in accounting policy have been accounted for prospectively and the comparative as at 30 April 2010 are not restated. The effects of the changes have been accounted for by adjusting the following opening balances on 01 May 2010.

|                         | As previously<br>Reported<br>RM'000 | Effect of<br>adopting<br>FRS 139<br>RM'000 | After<br>adopting<br>FRS 139<br>RM'000 |
|-------------------------|-------------------------------------|--|--|
| Derivative              | -                                   | 363  | 363                                    |
| Cash flow hedge reserve | -                                   | 363  | 363                                    |

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

The auditors' report on the financial statements for the year ended 30 April 2010 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.

**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 year-to-date, 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<br>purchased | Purchase price per share |         | Average price<br>per share paid | Total<br>consideration paid |
|----------|---------------------------|--------------------------|---------|---------------------------------|-----------------------------|
|          |                           | Lowest                   | Highest |                                 |                             |
| Jun 2010 | 1,000                     | RM 3.30                  | RM 3.30 | RM 3.3450                       | RM 3,345                    |
| Dec 2010 | 1,000                     | 4.70                     | 4.70    | 4.7464                          | 4,746                       |
| Total    | 2,000                     | 3.30                     | 4.70    | 4.0457                          | 8,091                       |

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

**6 Debt and Equity Securities ( Continued )**

As at 30 April 2011, the number of shares retained as treasury shares amounted to 15,544,457.

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

**7 Dividends Paid**

A first and final dividend of 2% less 25% tax in respect of the financial year ended 30 April 2010 amounting to RM4,004,775 was paid on 24th November 2010.

**8 Segmental Information**

The segment information in respect of the Group's business segments for the year-to-date ended 30 April 2011 is as follows:

|                         | Revenue     | Profit<br>/(Loss)<br>Before<br>Taxation |
|-------------------------|-------------|---|
|                         | RM'000      | RM'000                                  |
| Logs                    | 694,622     | 61,151                                  |
| Wood Processing         | 426,232     | 48,965                                  |
| Oil palm operations     | 309,319     | 105,325                                 |
| Others & Admin expenses | 6,522       | (10,892)                                |
|                         | <hr/>       | <hr/>                                   |
|                         | 1,436,695   | 204,549                                 |
| Consol adjustment       | (565,782)   | (2,206)                                 |
|                         | <hr/>       | <hr/>                                   |
| Consolidated total      | 870,913     | 202,343                                 |
|                         | <hr/> <hr/> | <hr/> <hr/>                             |

**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 April 2010.

**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 and financial year-to-date, 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.

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

**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<br>30/04/11<br>RM'000 | As at<br>30/04/10<br>RM'000 |
|-----------------------------|-----------------------------|-----------------------------|
| Approved and contracted for | 17,119                      | 8,604                       |
|                             | <u>17,119</u>               | <u>8,604</u>                |

**14 Review of Performance**

**(a) Comparison of Results with Corresponding Quarter of the previous financial year**

The Group reported a revenue of RM255.5 million for the quarter under review, an increase of 35% from RM189.6 million recorded in the corresponding quarter of previous financial year. Pre-tax profit improved significantly to RM72.8 million from RM16.6 million previously.

Better results in revenue and pre-tax profit were mainly due to:

- higher profit margin from logs sales with 40% increase in average selling price;
- more than 100% increase in fresh fruit bunches (FFB) sales volume with 44% improvement in average selling price; and
- more than double increase in crude palm oil (CPO) sales volume with 38% increase in average selling price.

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

For the financial year-to-date, the Group revenue of RM870.9 million was 17 % higher as compared with RM746.0 million reported in the previous year-to-date. Pre-tax profit soared substantially to RM202.3 million from RM40.0 million registered in the previous year.

The increase in total revenue and pre-tax profit were due to:

- increase in average selling price of logs by 27 %; and
- substantial improvement in the sales volume of FFB and CPO with 36% and 32% increase in the average selling prices respectively.

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**15 Comparison of Results with Preceding Quarter**

The Group's revenue for the quarter under review improved by 7 % to RM255.5 million from RM237.6 million reported in the immediate preceding quarter. Pre-tax profit strengthened by 25 % to RM72.8 million from RM58.3 million reported in the preceding quarter.

The improvement in revenue was mainly attributable to 14% rise in plywood sales volume whereas higher pre-tax profit was due to better average selling prices of logs and CPO.

**16 Commentary on Prospects**

The prospect of the timber division is expected to remain positive in view of the tight log supply condition and increase in demand for wood products from Japan's reconstruction efforts coupled with strong demand from emerging economies, such as India and China.

For the oil palm division, higher fresh fruit bunches and CPO production volume are expected to contribute significantly to the Group's profitability.

Barring any unforeseen circumstances, the Board believes that the performance for the next financial year will continue to be satisfactory.

**17 Profit Forecast or Profit Guarantee**

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

**18 Taxation**

Taxation comprise:-

|                   | Current<br>Quarter<br>RM'000 | Cumulative<br>Year-to-date<br>RM'000 |
|-------------------|------------------------------|--------------------------------------|
| Current taxation  | 5,106                        | 20,537                               |
| Deferred taxation | 12,728                       | 33,610                               |
|                   | <u>17,834</u>                | <u>54,147</u>                        |

The effective current tax rate for the Group is lower than the statutory tax rate. This is mainly due to additional capital allowance available on certain subsidiaries.

However, the effective tax rate of the Group for the financial year-to-date is higher than the statutory tax rate. This is due mainly to the under provision of deferred tax liability in the previous financial year.

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**19 Sales of Unquoted Investments and Properties**

There were no profits or losses from sale of unquoted investments and properties for the current quarter and financial year-to-date.

**20 Quoted Securities**

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

**21 Corporate Proposals**

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

**22 Borrowings and Debt Securities**

|   | As at<br>30/04/11<br>RM'000 | As at<br>30/04/10<br>RM'000 |
|---|-----------------------------|-----------------------------|
| Secured borrowings:                             |                             |                             |
| Short term                                      | 17,857                      | 15,354                      |
| Long term                                       | 28,518                      | 15,700                      |
|   | <u>46,375</u>               | <u>31,054</u>               |
| Unsecured borrowings:                           |                             |                             |
| Short term                                      | 175,476                     | 205,963                     |
| Long term                                       | 557,560                     | 563,982                     |
|   | <u>733,036</u>              | <u>769,945</u>              |
|   | <u>779,411</u>              | <u>800,999</u>              |
| <br>Borrowings denominated in foreign currency: |                             | RM'000                      |
|   | USD'000                     | Equivalent                  |
| United States Dollars                           | 25,190                      | 82,472                      |
|   | <u>25,190</u>               | <u>82,472</u>               |

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**23 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the date of this report.

**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<br>30/04/11<br>RM'000 | As at<br>31/01/11<br>RM'000 |
|--|-----------------------------|-----------------------------|
| Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries |                             |                             |
| - Realised   | 859,587                     | 795,651                     |
| - Unrealised   | <u>27,156</u>               | <u>21,513</u>               |
|  | 886,743                     | 817,164                     |
| Less: Consolidation adjustments  | (158,954)                   | (143,865)                   |
|  | <u>727,789</u>              | <u>673,299</u>              |
| Total group retained profits as per consolidated accounts              | <u>727,789</u>              | <u>673,299</u>              |

**26 Dividend**

**i. Dividend payable**

The Board of Directors has recommended a first and final dividend of 6% less 25% tax (2010: 2%) in respect of the financial year ended 30 April 2011 for the shareholders' approval at the forthcoming annual general meeting. The entitlement and payment dates will be decided and announced in due course.

**ii. Dividend policy**

The Group adopts a dividend policy which seeks balance between providing immediate cash returns to shareholders and conserving funds critical for the long term growth. Our policy is to pay dividend of not less than 20% of net profit for future financial years subject to not compromising the Group's ability to support its pursuit for long term growth.



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**27 Earnings per share (EPS)**

(a) 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 period excluding treasury shares held by the Company.

|  | Current<br>Quarter | Cumulative<br>Year-to-date |
|--|--------------------|----------------------------|
| Net profit attributable to the equity holders of<br>the Company (RM'000) | 54,490             | 146,913                    |
| Weighted average number of<br>Ordinary shares in issue ( '000 )          | 266,984            | 266,985                    |
| Basic earnings per share (Sen)   | 20.41              | 55.03                      |

(b) Diluted EPS

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**28 Authorization for issue**

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 23rd of June 2011.