

JAYA TIASA HOLDINGS BHD (3751-V)
QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2012

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 2012. 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 2012.

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial period ended 30 June 2012 except for the adoption of new FRSs, amendments and IC interpretations which are relevant to the Group for the financial year beginning 1 July 2012:-

- Amendments to FRS 7: Disclosures - Transfers of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124: Related Party Disclosures
- Amendments to FRS 101: Presentation of Item of Other Comprehensive Income

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the period ended 30 June 2012 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.

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

6 Debt and Equity Securities

During the quarter, 4,470,800 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 2012 | 566,100 | RM 2.40 | RM 2.53 | RM 2.4086 | 1,363,489 |
| Sep 2012 | 3,904,700 | 2.39 | 2.49 | 2.4330 | 9,500,116 |
| Total | 4,470,800 | 2.39 | 2.53 | 2.4299 | 10,863,605 |

On 30 September 2012, the number of shares retained as treasury shares amounted to 4,470,800.

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

7 Dividends Paid

There were no dividends paid during the current quarter and financial year-to-date.

8 Segmental Information

The segment information in respect of the Group's business segments for the period-to-date ended 30 September 2012 is as follows:

| | Quarter ended 30 September 2012 | | Quarter ended 30 September 2011 | |
|-------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| | Revenue | Profit/(Loss) Before Taxation | Revenue | Profit/(Loss) Before Taxation |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Logs | 87,426 | 1,885 | 78,046 | 9,389 |
| Wood Processing | 97,998 | (1,430) | 89,563 | 9,416 |
| Oil palm operations | 88,848 | 23,887 | 78,556 | 40,481 |
| Others & Admin expenses | 69 | (6,194) | - | (6,243) |
| Consolidated total | <u>274,341</u> | <u>18,148</u> | <u>246,165</u> | <u>53,043</u> |

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 period ended 30 June 2012.

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

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 30 September 2012 RM'000 | As at 30 June 2012 RM'000 |
|-------------------------------|--------------------------------------|---------------------------------|
| Authorised and contracted for | 81,578 | 77,496 |
| | <u>81,578</u> | <u>77,496</u> |

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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

The Group registered a revenue of RM274.3 million for the quarter under review, an increase of 11% from the RM246.2 million recorded in the previous corresponding quarter. Pre-tax profit of RM18.1 million was 66% lower than that of RM53.0 million recorded in the corresponding period.

Better revenue was attributable to:

- Increase in logs and plywood sales volume by 27% and 26% respectively; and
- Fresh fruit bunches and crude palm oil sales volume improved by 23% and 32% respectively.

Whereas lower pre-tax profit was affected by:-

- 9% and 11% fall in logs and plywood average selling prices respectively; and
- 15% and 8% decrease in fresh fruit bunches (FFB) and crude palm oil (CPO) average selling prices respectively.

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

Comparison of cumulative results is not presented as this is the first quarter for the financial year ended 30 September 2012.

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

Current quarter under review consisted of three months while preceding quarter consisted of two months.

Average selling price for logs has increased by 8% for the quarter under review compared to the immediate preceding quarter, whereas both FFB and CPO average selling prices had reduced by 13% and 8% respectively.

16 Commentary on Prospects

The challenges faced by the timber division are expected to continue due to the volatility of the operating environment. However, the prospect for the timber sector is expected to remain positive in view of the tight log supply condition and anticipated increase in demand for wood products when the general economic conditions improve.

Despite recent fall in CPO price due to over supply and weak demand as well as stiff competition from Indonesia, the outlook of the oil palm sector remains positive on the basis of strong supply-demand fundamental coupled with expected rebound of CPO price in the near future.

As for our oil palm division, increase in FFB production yield is expected to continue contributing positively to the Group's profitability with more palms entering their prime production age and additional planted estates reaching into maturity.

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

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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 Profit for the Period

Included in the profit before tax are the following items :

| | Current quarter | | Cumulative quarter | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2012 RM'000 | 30 September 2011 RM'000 | 30 September 2012 RM'000 | 30 September 2011 RM'000 |
| Amortisation | 4,170 | 4,175 | 4,170 | 4,175 |
| Depreciation | 18,332 | 17,124 | 18,332 | 17,124 |
| Interest expenses | 6,010 | 5,668 | 6,010 | 5,668 |
| Loss on disposal of property, plan and equipment | 9 | 69 | 9 | 69 |
| Unrealised foreign exchange loss | 915 | 448 | 915 | 448 |
| Interest income | (15) | (19) | (15) | (19) |
| Gain on disposal of property, plan and equipment | - | (543) | - | (543) |
| Unrealised foreign exchange gain | (218) | - | (218) | - |

19 Taxation

Taxation comprise:-

| | Current quarter | | Cumulative quarter | |
|-------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 September 2012 RM'000 | 30 September 2011 RM'000 | 30 September 2012 RM'000 | 30 September 2011 RM'000 |
| Current taxation | 3,828 | 8,591 | 3,828 | 8,591 |
| Deferred taxation | (435) | 6,568 | (435) | 6,568 |
| | <u>3,392</u> | <u>15,159</u> | <u>3,392</u> | <u>15,159</u> |

The current quarter effective tax rate of the Group is lower than the statutory tax rate mainly due to the tax credit of certain subsidiaries. Whereas the effective tax rate for the corresponding quarter was higher than the statutory rate 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 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 | 104,200 | within 6 months | 5,800 | 5 | |
| Construction of palm oil mills | 235,000 | 65,000 | within 24 months | 170,000 | 72 | |
| 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 | - | 157,000 | | (157,000) | - | (1) |
| | <u>358,216</u> | <u>332,148</u> | | <u>26,068</u> | | (2) |

Remark:-

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

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22 Borrowings and Debt Securities

| | As at 30 September 2012 RM'000 | As at 30 June 2012 RM'000 |
|---|---|------------------------------------|
| Secured borrowings: | | |
| Short term | 31,593 | 30,932 |
| Long term | 25,519 | 32,137 |
| | <u>57,112</u> | <u>63,069</u> |
| Unsecured borrowings: | | |
| Short term | 210,713 | 349,514 |
| Long term | 505,161 | 475,878 |
| | <u>715,874</u> | <u>825,392</u> |
| | <u>772,986</u> | <u>888,461</u> |
| Borrowings denominated in foreign currency: | | |
| | USD'000 | RM'000 Equivalent |
| United States Dollars | <u>21,611</u> | <u>68,024</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 30 September 2012 RM'000 | As at 30 June 2012 RM'000 |
|--|---|------------------------------------|
| Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries | | |
| - Realised | 961,445 | 1,175,895 |
| - Unrealised | 26,048 | (91,029) |
| | <u>987,493</u> | <u>1,084,866</u> |
| Less: Consolidation adjustments | (205,466) | (203,356) |
| Total group retained profits as per consolidated accounts | <u>782,027</u> | <u>881,510</u> |

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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 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 30 September 2012 | 30 September 2011 | 30 September 2012 | 30 September 2011 |
| Net profit attributable to the equity holders of the Company (RM'000) | 14,536 | 37,111 | 14,536 | 37,111 |
| Weighted average number of Ordinary shares in issue ('000) | 957,279 | 957,279 | 969,945 | 969,945 |
| Basic earnings per share (Sen) | 1.52 | 3.88 | 1.50 | 3.83 |

27 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 28th of November 2012.