

JAYA TIASA HOLDINGS BHD (3751-V)
QUARTERLY REPORT FOR THE FORTH FINANCIAL QUARTER ENDED 30 JUNE 2013

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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6 Debt and Equity Securities

During the financial year, 5,720,000 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		
		RM	RM	RM	RM
Aug 2012	566,100	2.40	2.53	2.4086	1,363,489
Sep 2012	3,904,700	2.39	2.49	2.4330	9,500,116
Oct 2012	705,100	2.21	2.36	2.2917	1,615,861
Nov 2012	543,100	2.10	2.24	2.1964	1,192,867
Mar 2013	1,000	1.89	1.89	1.9326	1,933
Total	5,720,000	1.89	2.53	2.3906	13,674,266

On 30 June 2013, the number of shares retained as treasury shares amounted to 5,720,000.

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

7 Dividends Paid

A first and final dividend of 5.15% less 25% tax in respect of the financial year ended 30 June 2012 amounting to RM37,388,947 was paid on 14th December 2012.

8 Segmental Information

The segment information in respect of the Group's business segments for the year-to-date ended 30 June 2013 is as follows:

	Quarter ended 30 June 2013		Quarter ended 30 June 2012	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000
Logs	396,912	23,043	368,988	16,000
Wood processing	393,399	28,988	379,872	23,428
Oil palm operations	262,893	2,063	294,458	147,646
Others & Admin expenses	892	(22,112)	931	(5,989)
Consolidated total	<u>1,054,096</u>	<u>31,982</u>	<u>1,044,249</u>	<u>181,085</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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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 June 2013 RM'000	As at 30 June 2012 RM'000
Authorised and contracted for	103,336	77,496
	<u>103,336</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 reported a revenue of RM257.2 million for the quarter under review, down 9.8% from RM285.2 million recorded in the previous corresponding quarter. Pre-tax profit decreased by 78.4% to RM8.3 million from RM38.5 million attained in the same period last year.

Lower revenue and pre-tax profit were mainly due to:-

- 15% and 17% fall in logs and plywood sales volume respectively despite a 25% increase in logs average selling price; and
- 35% and 31% reduction in fresh fruit bunches (FFB) and crude palm oil (CPO) average selling prices respectively although there were 21% and 13% increase in FFB and CPO sales volume.

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

For the financial year-to-date, the Group's revenue of RM1,054.1 million was marginally higher than RM1,044.2 million reported in the previous corresponding period. Pre-tax profit dropped by 82% to RM32.0 million as compared with RM181.1 million recorded previously.

Improvement in revenue was contributed by 4% and 12% increase in logs and plywood sales volume respectively, whereas the lower pre-tax profit was affected by:-

- 7% decrease in plywood average selling price; and
- 28% and 23% drop in fresh fruit bunches (FFB) and crude palm oil (CPO) average selling prices respectively.

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

The Group's pre-tax profit for the current quarter increased significantly to RM8.3 million as compared with RM3.3 million reported in preceding quarter. The improvement was contributed by the increased in average selling price of logs during the quarter under review.

16 Commentary on Prospects

Despite the uncertainties of the global economy due to the delayed recovery in Euro-zone and the slowing down of economies in China and India, the outlook is expected to improve in view of the positive growth prospect in the U.S. and Japan.

Going forward, the selling prices of timber products are expected to remain firm in view of the tight log supply condition and the anticipated improvement in the overall economy.

The prospect for the oil palm industry is expected to remain challenging in view of the prolonged weaknesses in CPO prices. However our oil palm division will continue to step up its efforts to improve operational efficiency and effectiveness in order to remain competitive.

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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 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 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Amortisation	4,147	2,877	16,644	16,766
Bad debts (reversal)/ written off	-	33	-	220
Depreciation	17,578	31,493	71,972	83,100
Interest expenses	6,919	5,754	23,050	24,271
Impairment of financial assets	8,473	2,535	8,473	2,722
Loss on disposal of property, plant and equipment	11	13	221	361
Net unrealised foreign exchange (gain)/loss	95	(6,675)	(216)	(7,796)
Interest income	(1,295)	(13)	(4,835)	(98)
Gain on disposal of property, plan and equipment	(49)	(33)	(420)	(740)
Gain on disposal of subsidiary	-	(1,174)	-	(28,769)
Fair value (gain)/loss on derivative assets	(4,766)	9,354	(11,111)	(8,650)

19 Taxation

Taxation comprise:-

	Current quarter		Cumulative quarter	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Current taxation	3,899	8,458	14,116	19,129
Deferred taxation	(1,775)	1,329	(6,512)	21,806
	<u>2,124</u>	<u>9,787</u>	<u>7,603</u>	<u>40,935</u>

The current period effective tax rate of the Group is lower than the statutory tax rate mainly due to the tax credit of certain subsidiaries. The effective tax rate for the corresponding period was lower than the statutory rate mainly due to no tax effect on the gain on disposal of subsidiary.

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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	106,200	within 6 months	3,800	3	
Construction of palm oil mills	235,000	100,000	within 24 months	135,000	68	
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	-	124,467		(124,467)	-	(1)
	<u>358,216</u>	<u>336,615</u>		<u>21,601</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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22 Borrowings and Debt Securities

	As at 30 June 2013 RM'000	As at 30 June 2012 RM'000
Secured borrowings:		
Short term	29,240	30,932
Long term	9,597	32,137
	<u>38,837</u>	<u>63,069</u>
Unsecured borrowings:		
Short term	379,170	349,514
Long term	401,598	475,878
	<u>780,768</u>	<u>825,392</u>
	<u>819,605</u>	<u>888,461</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>21,611</u>	<u>68,335</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 June 2013 RM'000	As at 30 June 2012 RM'000
Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries		
- Realised	872,994	1,175,895
- Unrealised	88,130	(91,029)
	<u>961,124</u>	<u>1,084,866</u>
Less: Consolidation adjustments	(207,776)	(203,356)
Total group retained profits as per consolidated accounts	<u>753,343</u>	<u>881,510</u>

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25 Dividend Payable

The Board of Directors has recommended a first and final single-tier dividend of 1.00 sen per ordinary share (June 2012: 5.15 sen less 25% tax) in respect of the financial year ended 30 June 2013 for the shareholders' approval at the forthcoming annual general meeting. The entitlement and payment date will be decided and announced in due course.

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 June 2013	30 June 2012	30 June 2013	30 June 2012
Net profit attributable to the equity holders of the Company (RM'000)	5,760	28,720	23,246	138,750
Weighted average number of Ordinary shares in issue ('000)	967,998	967,998	969,054	969,054
Basic earnings per share (Sen)	0.60	2.97	2.40	14.32

27 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 August 2013.