

JAYA TIASA HOLDINGS BHD (3751-V)
QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 2013. 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 2013.

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 2013 except for the adoption of new FRSs, amendments and IC interpretations which are relevant to the Group for the financial year beginning 1 July 2013:-

- Amendments to FRS 1, First-Time Adoption of Financial Reporting Standards - Government Loans
- Amendments to FRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- Amendments to FRS 10, FRS 11 and FRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits
- FRS 127, Separate Financial Statements
- FRS 128, Investments in Associates and Joint Ventures
- Amendments to FRS 1, FRS 101, FRS 116, FRS 132 and FRS 134, (Improvements to FRSs (2012))
- Amendment to IC Interpretation 2, Members’ Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 30 June 2013 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, 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 2013	1,000	RM 2.04	RM 2.04	RM 2.0836	RM 2,083.62
Total	1,000	2.04	2.04	2.0836	2,083.62

On 30 September 2013, the number of shares retained as treasury shares amounted to 5,721,000.

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 2013 is as follows:

	Quarter ended 30 September 2013		Quarter ended 30 September 2012	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000
Logs	73,092	15,910	87,426	1,885
Wood processing	94,549	11,436	97,998	(1,430)
Oil palm operations	77,761	9,577	88,848	23,887
Others & Admin expenses	67	(10,915)	69	(6,194)
Consolidated total	<u>245,468</u>	<u>26,008</u>	<u>274,341</u>	<u>18,148</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 2013.

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 2013 RM'000	As at 30 June 2013 RM'000
Authorised and contracted for	103,157	112,681
	<u>103,157</u>	<u>112,681</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

For the quarter under review, the Group's revenue was down by 10.5% to RM245.5 million as compared with RM274.3 million recorded in the previous corresponding quarter. Pre-tax profit was up by 43.3% to RM26.0 million from RM18.1 million reported in the same period last year.

Lower revenue was mainly due to:-

- 29% and 15% fall in logs and plywood sales volume respectively; and
- 22% and 27% reduction in fresh fruit bunches (FFB) and crude palm oil (CPO) average selling prices respectively.

Whereas higher pre-tax profit was contributed by 17% and 12% increase in logs and plywood 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 ending 30 June 2014.

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

The Group's pre-tax profit for the current quarter increased significantly to RM26.0 million as compared with RM8.3 million reported in the preceding quarter. The improvement was contributed by lower FFB production cost as a result of 42% increase in production volume during the quarter under review.

16 Commentary on Prospects

For the timber segment, the average selling prices and demand for timber products are expected to sustain in view of the general improvement in the global economic outlook for 2014 coupled with the anticipated increase in demand for wood products from Japan in preparation for its hosting of 2020 Olympic .

The Malaysian government's effort to increase the biodiesel blend from "B5" to "B7" and the ambition of the Indonesian government to increase usage of CPO in the biodiesel will provide stability to the CPO prices and positive outlook for the oil palm segment.

The Board will continue to take prudent measures to improve operational efficiency and production yield to ensure that the performance for the current financial year would be satisfactory.

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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	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Amortisation	4,173	4,170	4,173	4,170
Bad debts written off	11	-	11	-
Depreciation	17,220	18,332	17,220	18,332
Interest expenses	5,076	6,010	5,076	6,010
Impairment of financial assets	2,670	-	2,670	-
Loss on disposal of property, plant and equipment	1,762	9	1,762	9
Net unrealised foreign exchange loss	95	697	95	697
Interest income	(875)	(15)	(875)	(15)
Gain on disposal of property, plant and equipment	(99)	-	(99)	-

19 Taxation

Taxation comprise:-

	Current quarter		Cumulative quarter	
	30 September 2013 RM'000	30 September 2012 RM'000	30 September 2013 RM'000	30 September 2012 RM'000
Current taxation	2,608	3,828	2,608	3,828
Deferred taxation	3,926	(435)	3,926	(435)
	<u>6,534</u>	<u>3,392</u>	<u>6,534</u>	<u>3,392</u>

The effective tax rate of the Group is close to the statutory tax rate.

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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	122,000	within 24 months	113,000	48	
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	-	103,614		(103,614)	-	(1)
	<u>358,216</u>	<u>337,762</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 September 2013 RM'000	As at 30 June 2013 RM'000
Secured borrowings:		
Short term	24,803	29,224
Long term	7,605	9,610
	<u>32,408</u>	<u>38,834</u>
Unsecured borrowings:		
Short term	366,537	426,312
Long term	443,955	401,598
	<u>810,492</u>	<u>827,910</u>
	<u>842,900</u>	<u>866,744</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>21,611</u>	<u>68,964</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 2013 RM'000	As at 30 June 2013 RM'000
Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries		
- Realised	892,744	1,055,440
- Unrealised	94,026	(96,424)
	<u>986,770</u>	<u>959,016</u>
Less: Consolidation adjustments	(216,427)	(207,776)
	<u>770,343</u>	<u>751,240</u>
Total group retained profits as per consolidated accounts	<u>770,343</u>	<u>751,240</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 2013	30 September 2012	30 September 2013	30 September 2012
Net profit attributable to the equity holders of the Company (RM'000)	19,103	14,536	19,103	14,536
Weighted average number of Ordinary shares in issue ('000)	967,997	967,997	967,997	967,997
Basic earnings per share (Sen)	1.97	1.50	1.97	1.50

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 2013.