

JAYA TIASA HOLDINGS BHD (3751-V)
QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2014

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 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		
		RM	RM	RM	RM
Feb 2014	1,000	2.50	2.50	2.5438	2,543.75
Total	1,000	2.50	2.50	2.5438	2,543.75

On 31 March 2014, the number of shares retained as treasury shares amounted to 5,722,000.

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 single-tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 30 June 2013 amounting to RM9,679,968 was paid on 13th December 2013.

8 Segmental Information

The segment information in respect of the Group's business segments for the period-to-date ended 31 March 2014 is as follows:

	Quarter ended 31 March 2014		Quarter ended 31 March 2013	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000
Logs	244,704	53,252	291,566	4,969
Wood processing	280,863	21,783	305,457	19,662
Oil palm operations	237,065	25,417	199,230	13,941
Others & Admin expenses	218	(29,514)	648	(14,879)
Consolidated total	<u>762,850</u>	<u>70,938</u>	<u>796,901</u>	<u>23,693</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 31 March 2014 RM'000	As at 30 June 2013 RM'000
Authorised and contracted for	73,180	112,681
	<u>73,180</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 ended 31 March 2014, the Group reported a revenue of RM245.4 million, an increase of 3.8% from RM236.3 million recorded in the previous corresponding quarter. Pre-tax profit of RM15.2 million was more than four times higher than the profit of RM3.3 million attained in the same period last year.

Higher revenue was mainly due to 40% increase in fresh fruit bunches (FFB) sales volume, whereas higher pre-tax profit was contributed by:-

- 17% and 7% increase in logs and plywood average selling prices respectively; and
- 22% improvement in FFB average selling prices.

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

For the financial year-to-date, the Group's revenue of RM762.9 million was 4.3% lower than RM796.9 million reported in the previous corresponding period due to drop in logs and plywood sales volume. However, pre-tax profit had surged significantly to RM70.9 million as compared with RM23.7 million recorded previously. Better results in pre-tax profit were resulted from:-

- 19% and 10% increase in logs and plywood average selling prices respectively; and
- lower FFB cost of production resulted from the 20% increase in FFB production volume.

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

The Group's pre-tax profit for the current quarter was reduced to RM15.2 million as compared with RM29.7 million reported in the preceding quarter due to seasonal factors. The decline was mainly affected by:-

- 13% and 21% fall in logs and plywood production volume respectively; and
- 29% reduction for both FFB and CPO production volume.

16 Commentary on Prospects

For the timber division, the outlook is expected to remain positive in view of the recent ban on export of logs by Myanmar coupled with stable economic condition in India and Asia regions which should lead to sustainable demand for logs and wood products.

CPO prices are expected to remain firm due to supply constraints arising from the recent drought and high possibility of El Nino occurring in the coming months as well as anticipated increase in demand for edible oil during the coming Ramadan festival.

We believe that the improvement in the general economic landscape and prices for both the timber products and CPO will translate into sustainable earning growth for the Group. We will continue to take measures to improve operational efficiency and production yield to ensure satisfactory performance for the current financial year.

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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 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Amortisation	4,172	4,165	12,518	12,496
Bad debts written off	-	-	11	-
Depreciation	16,848	17,864	51,003	54,394
Interest expenses	5,655	5,341	16,875	16,131
Impairment of financial assets	-	-	4,170	-
Loss on disposal of property, plant and equipment	28	198	2,104	210
Net unrealised foreign exchange loss/(gain)	129	(1,113)	122	(88)
Interest income	(482)	(1,095)	(1,978)	(3,540)
Gain on disposal of property, plant and equipment	(27)	(370)	(475)	(370)
Fair value loss/(gain) on derivative assets	1,367	1,889	1,379	(6,345)

19 Taxation

Taxation comprise:-

	Current quarter		Cumulative quarter	
	31 March 2014 RM'000	31 March 2013 RM'000	31 March 2014 RM'000	31 March 2013 RM'000
Current taxation	(1,888)	2,010	5,070	10,217
Deferred taxation	8,259	1,030	17,069	(4,737)
	<u>6,371</u>	<u>3,040</u>	<u>22,139</u>	<u>5,480</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 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	167,000	within 24 months	68,000	29	
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	-	59,709		(59,709)	-	(1)
	<u>358,216</u>	<u>338,857</u>		<u>19,359</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 31 March 2014 RM'000	As at 30 June 2013 RM'000
Secured borrowings:		
Short term	13,759	29,224
Long term	4,785	9,610
	<u>18,544</u>	<u>38,834</u>
Unsecured borrowings:		
Short term	411,319	426,312
Long term	416,022	401,598
	<u>827,341</u>	<u>827,910</u>
	<u>845,885</u>	<u>866,744</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>21,611</u>	<u>69,004</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 31 March 2014 RM'000	As at 30 June 2013 RM'000
Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries		
- Realised	927,451	1,055,440
- Unrealised	106,162	(96,424)
	<u>1,033,613</u>	<u>959,016</u>
Less: Consolidation adjustments	(244,942)	(207,776)
Total group retained profits as per consolidated accounts	<u>788,671</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	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Net profit attributable to the equity holders of the Company (RM'000)	8,168	62	47,111	17,487
Weighted average number of Ordinary shares in issue ('000)	967,996	967,996	967,997	967,997
Basic earnings per share (Sen)	0.84	0.01	4.87	1.81

27 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 21st of May 2014.