

JAYA TIASA HOLDINGS BHD (3751-V)
QUARTERLY REPORT FOR THE FORTH FINANCIAL QUARTER ENDED 30 JUNE 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 year, 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 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	2,083.62
Feb 2014	1,000	2.50	2.50	2.5438	2,543.75
Total	2,000	2.04	2.50	2.3137	4,627.37

On 30 June 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 year.

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 year-to-date ended 30 June 2014 is as follows:

	Quarter ended 30 June 2014		Quarter ended 30 June 2013	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000
Logs	351,566	63,811	396,912	23,043
Wood processing	360,283	18,489	393,399	28,988
Oil palm operations	322,515	39,934	262,893	2,063
Others & Admin expenses	226	(35,167)	892	(22,112)
Consolidated total	1,034,590	87,067	1,054,096	31,982

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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 June 2014 RM'000	As at 30 June 2013 RM'000
Authorised and contracted for	63,136	112,681
	<u>63,136</u>	<u>112,681</u>

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 30 June 2014, the Group reported a revenue of RM271.7 million, an increase of 5.6% from RM257.2 million recorded in the previous corresponding quarter. Pre-tax profit of RM16.1 million was doubled as compared with RM8.3 million attained in the same period last year.

Higher revenue and pre-tax profit were resulted from:-

- 16% increase in CPO sales volume; and
- 24% and 14% improvement in FFB and CPO average selling prices respectively.

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

For the financial year-to-date, the Group's revenue of RM1,034.6 million was 1.9% lower than RM1,054.1 million reported in the previous corresponding period due to drop in logs and plywood sales volume. However, pre-tax profit had surged significantly to RM87.1 million as compared with RM32.0 million recorded previously. Better profit was contributed by:-

- 18% and 8% increase in logs and plywood average selling prices respectively; and
- 21% increase in FFB sales volume and lower FFB cost of production due to higher FFB production of 15%.

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

The Group's pre-tax profit for the current quarter has improved 5.8% to RM16.1 million as compared with RM15.2 million reported in the preceding quarter. The increase was mainly contributed by:-

- 14% and 13% increase in FFB and CPO sales volume respectively; and
- 2% and 7% improvement in FFB and CPO average selling prices respectively.

16 Commentary on Prospects

The performance of the timber division is expected to remain positive with the improvement in weather conditions which brought relief to the production and transportation of logs coupled with stable demand of logs from India for its infrastructural development requirements.

As for the oil palm division, bumper supply of oilseeds, rising palm oil stockpile and slow biofuels take-up progress have resulted in a cautious outlook for CPO prices.

Despite improvement in the OER and FFB production yield which will translate into sustainable growth for the Group, the performance for the next financial year would be highly dependent upon the prevailing CPO market prices.

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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 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Amortisation	4,145	6,245	16,662	18,741
Bad debts written off	18	-	29	-
Depreciation	18,868	15,507	69,871	69,901
Interest expenses	4,909	5,491	21,784	21,622
Impairment of financial assets	3,305	7,775	7,475	7,775
Loss on disposal of property, plant and equipment	4,627	426	6,731	(216)
Net unrealised foreign exchange loss/(gain)	438	(669)	560	(757)
Interest income	(434)	3,481	(2,412)	(59)
Gain on disposal of property, plant and equipment	(256)	(50)	(731)	(420)
Fair value loss/(gain) on derivative assets	3,664	(3,493)	5,043	(9,838)

19 Taxation

Taxation comprise:-

	Current quarter		Cumulative quarter	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Current taxation	9,685	3,899	14,755	14,115
Deferred taxation	(4,369)	(1,775)	12,700	(6,512)
	<u>5,316</u>	<u>2,124</u>	<u>27,455</u>	<u>7,603</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	-	60,061		(60,061)	-	(1)
	<u>358,216</u>	<u>339,209</u>		<u>19,007</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	10,199	29,224
Long term	5,801	9,610
	<u>16,000</u>	<u>38,834</u>
Unsecured borrowings:		
Short term	504,603	426,312
Long term	311,554	401,598
	<u>816,157</u>	<u>827,910</u>
	<u>832,157</u>	<u>866,744</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>20,494</u>	<u>65,735</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 2014 RM'000	As at 30 June 2013 RM'000
Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries		
- Realised	952,728	1,055,440
- Unrealised	109,449	(96,424)
	<u>1,062,177</u>	<u>959,016</u>
Less: Consolidation adjustments	(263,491)	(207,776)
Total group retained profits as per consolidated accounts	<u>798,686</u>	<u>751,240</u>

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25 Dividend Payable

The Board of Directors has recommended a first and final single-tier dividend of 1.5 sen per ordinary share (June 2013: 1 sen) in respect of the financial year ended 30 June 2014 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 2014	30 June 2013	30 June 2014	30 June 2013
Net profit attributable to the equity holders of the Company (RM'000)	10,014	5,759	57,125	23,246
Weighted average number of Ordinary shares in issue ('000)	967,996	967,996	967,996	967,996
Basic earnings per share (Sen)	1.03	0.59	5.90	2.40

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 2014.