

JAYA TIASA HOLDINGS BHD (3751-V)
QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2015

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 2014. 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 2014.

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 30 June 2014 except for the adoption of new FRSSs, amendments and IC interpretations which are relevant to the Group for the financial year beginning 1 July 2014:-

- Amendments to FRS 10, FRS 12 and FRS 127, Investment Entities
- Amendments to FRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies
- Amendments to FRS 2, FRS 3, FRS 8, FRS 13, FRS 116, FRS 124 and FRS 138 (Annual Improvements to FRSSs 2010-2012 Cycle)
- Amendments to FRS 1, FRS 3, FRS 13 and FRS 140 (Annual Improvements to FRSSs 2011-2013 Cycle)
- Amendments to FRS 119, Defined Benefits Plans: Employee contributions

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 30 June 2014 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, 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 2014	1,000	RM 2.14	RM 2.14	RM 2.1837	RM 2,183.65
Mar 2015	1,000	1.86	1.86	1.9026	1,902.56
Total	2,000	1.86	2.14	2.0431	4,086.21

On 30 June 2015, the number of shares retained as treasury shares amounted to 5,724,000.

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 1.5% per ordinary share in respect of the financial year ended 30 June 2014 amounting to RM14,519,924 was paid on 17th December 2014.

8 Segmental Information

The segment information in respect of the Group's business segments for the year-to-date ended 30 June 2015 is as follows:

	Quarter ended 30 June 2015		Quarter ended 30 June 2014	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000
Logs	371,061	107,602	351,566	63,874
Wood processing	363,357	16,704	360,283	20,597
Oil palm operations	297,283	(21,495)	321,267	33,486
Others & Admin expenses	569	(47,192)	226	(38,008)
Consolidated total	<u>1,032,270</u>	<u>55,619</u>	<u>1,033,342</u>	<u>79,949</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 2014.

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 2015 RM'000	As at 30 June 2014 RM'000
Authorised and contracted for	58,247	68,693

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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 30 June 2015, the Group's revenue of RM238.9 million was 12% lower than RM271.7 million reported in the previous corresponding quarter. However, pre-tax profit of RM18.6 million attained in current period was 15% more than the same period last year.

Lower revenue was resulted from:-

- 15% and 17% drop in FFB sales volume and average selling price respectively; and
- 36% decrease in log sales volume

Higher pre-tax profit was contributed by:-

- 16% and 19% decrease in plywood and veneer production cost with 115% and 19% increase in production volume respectively; and
- Appreciation in USD has led to a 13% increase in log selling price

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

For the financial year-to-date, the Group reported a revenue of RM1,032.3 million representing a marginal decrease from RM1,033.3 million recorded in the previous corresponding period. Pre-tax profit had dropped by 30% to RM55.6 million as compared with RM79.9 million recorded previously.

Reduction in pre-tax profit was mainly due to:-

- 19% and 10% decrease in FFB sales volume and average selling prices respectively with 12% increase in FFB average production cost as a result of 3% drop in its production volume; and
- 10% down in CPO average selling price although the sales volume was up by 21%

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

The Group's pre-tax profit for the current quarter had improved by 118% to RM18.6 million from RM8.6 million reported in the preceding quarter.

Improvement in pre-tax profit was contributed by:-

- 90% and 62% increase in FFB and CPO sales volume respectively; and
- 25% and 24% reduction in FFB and CPO unit production cost as a result of 71% and 76% increase in production volume respectively.

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16 Commentary on Prospects

Despite volatile demand of wood products due to slowing global economy, we expect the performance of timber sector to remain positive in view of the weakening Ringgit which would boost the performance of timber division.

As palm oil production is entering into high production cycle coupled with the current high stockpile, the outlook for the CPO prices in the near term is expected to remain bearish. However, our cost of FFB production is expected to drop in the next financial year with the increase in the FFB production.

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 Year

Included in the profit before tax are the following items:

	Current quarter		Cumulative quarter	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Amortisation	3,565	6,241	14,259	18,759
Bad debts written off	-	26	-	37
Depreciation	21,788	16,797	84,528	67,800
Fair value (gain)/loss on derivatives	(552)	3,436	642	5,125
Interest expenses	8,938	6,747	31,477	23,622
Impairment of financial assets	1,926	8,049	5,808	12,219
Net loss/(gain) on disposal of property, plant and equipment	1,447	5,462	4,629	6,745
Net unrealised foreign exchange loss/(gain)	443	(487)	1,403	(2,495)
Interest income	(1)	(1)	(10)	(11)
Dividend income from investment securities	(122)	(433)	(979)	(2,401)

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19 Taxation

Taxation comprise:-

	Current quarter		Cumulative quarter	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Current taxation	8,040	9,685	16,916	21,765
Deferred taxation	<u>(5,418)</u>	<u>(4,369)</u>	<u>1,468</u>	<u>2,565</u>
	<u>2,622</u>	<u>5,316</u>	<u>18,384</u>	<u>24,330</u>

The year-to-date 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.

20 Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date.

21 Unquoted Securities

During the year under review, the Company has subscribed for five million new ordinary shares of RM1.00 each in Borneo Edible Oils Sdn Bhd (“BEO”) representing 10% of the issued and paid-up capital of BEO.

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22 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	227,919	within 24 months	7,081	3	
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	-	7		(7)	-	(1)
	<u>358,216</u>	<u>340,074</u>		<u>18,142</u>		(2)

Remark:-

- (1) Short term money market placement's interest.
 (2) Deviation is due to the difference between the actual and the estimated issue price of the placement share of 7.28%.

23 Borrowings and Debt Securities

	As at 30 June 2015 RM'000	As at 30 June 2014 RM'000
Secured borrowings:		
Short term	21,321	10,200
Long term	<u>31,732</u>	<u>5,801</u>
	<u>53,053</u>	<u>16,001</u>
Unsecured borrowings:		
Short term	582,119	502,417
Long term	<u>320,778</u>	<u>311,554</u>
	<u>902,897</u>	<u>813,971</u>
	<u>955,950</u>	<u>829,972</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>5,000</u>	<u>18,880</u>

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24 Material litigation

There is no pending material litigation as at the date of this announcement.

25 Disclosure of Realised and Unrealised Profits or Losses

	As at 30 June 2015 RM'000	As at 30 June 2014 RM'000
Total retained profits of Jaya Tiasa Holdings Bhd and its subsidiaries		
- Realised	1,106,535	1,025,559
- Unrealised	(92,571)	(84,234)
	<u>1,013,964</u>	<u>941,325</u>
Less: Consolidation adjustments	(199,366)	(146,632)
	<u>814,598</u>	<u>794,693</u>
Total group retained profits as per consolidated accounts	<u>814,598</u>	<u>794,693</u>

26 Dividend Payable

The Board of Directors has recommended a first and final single-tier dividend of 1 sen per ordinary share (June 2014: 1.5 sen) in respect of the financial year ended 30 June 2015 for the shareholders' approval at the forthcoming annual general meeting. The entitlement and payment date will be decided and announced in due course.

27 Earnings per share (EPS) - Basic

Basic earnings per share is calculated by dividing the net profit of the year over the weighted average number of ordinary shares in issue during the year excluding treasury shares held by the Company.

	Current Quarter		Cumulative Quarter	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Net profit attributable to the equity holders of the Company (RM'000)	15,239	10,014	34,425	53,133
Weighted average number of Ordinary shares in issue ('000)	967,994	967,994	967,994	967,994
Basic earnings per share (Sen)	1.57	1.03	3.56	5.49

28 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 2015.