

QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2016 - unaudited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Revenue	229,413	243,142	777,374	793,350
Cost of sales	(195,725)	(196,470)	(583,475)	(628,420)
Gross profit	33,688	46,672	193,899	164,930
Other income	3,505	3,226	12,747	10,838
Selling and distribution costs	(15,125)	(16,608)	(54,379)	(66,208)
Administrative expenses	(14,097)	(16,841)	(48,428)	(47,946)
Finance costs	(15,565)	(7,896)	(43,571)	(24,604)
Profit/(loss) before taxation	(7,594)	8,553	60,268	37,010
Income tax expense	549	(6,854)	(14,953)	(15,762)
Profit/(loss) net of tax	(7,045)	1,699	45,315	21,248
Other comprehensive income:				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	8,643	-	8,643	-
Other comprehensive income, net of tax	8,643	-	8,643	-
Total comprehensive income for the period	1,598	1,699	53,958	21,248
Profit/(loss) attributable to:				
Owner of the parent	(7,733)	635	43,131	19,186
Non-controlling interests	688	1,064	2,184	2,062
	(7,045)	1,699	45,315	21,248
Total comprehensive income attributable to:				
Owner of the parent	910	635	51,774	19,186
Non-controlling interests	688	1,064	2,184	2,062
	1,598	1,699	53,958	21,248
Basic earnings per share attributable to owners of the parent (Sen)	(0.80)	0.07	4.46	1.98

The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to this quarterly report.

QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2016 - unaudited

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	31/03/2016	30/06/2015
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	1,178,572	1,159,249
Biological assets	1,579,708	1,548,690
Timber rights	-	2,577
Land use rights	40	49
Goodwill on consolidation	62,337	62,337
Other intangible assets	579	660
Investment securities	83,643	5,000
Deferred tax assets	19,958	14,965
	<u>2,924,837</u>	<u>2,793,527</u>
Current Assets		
Inventories	145,104	146,944
Trade and other receivables	72,396	118,470
Other current assets	4,365	3,831
Investment securities	-	7
Income tax receivable	22,185	3,436
Cash and bank balances	53,264	21,097
	<u>297,314</u>	<u>293,785</u>
TOTAL ASSETS	<u><u>3,222,151</u></u>	<u><u>3,087,312</u></u>
EQUITY AND LIABILITIES		
Current Liabilities		
Interest bearing loans and borrowings	513,483	569,001
Trade and other payables	183,094	231,446
Income tax payable	26,937	17,768
	<u>723,514</u>	<u>818,215</u>
EQUITY AND LIABILITIES		
Non-current Liabilities		
Interest bearing loans and borrowings	560,047	382,603
Deferred tax liabilities	119,203	111,384
	<u>679,250</u>	<u>493,987</u>
Total Liabilities	<u>1,402,764</u>	<u>1,312,202</u>
Net assets	<u>1,819,387</u>	<u>1,775,110</u>
Equity Attributable to owners of the parent		
Share capital	973,718	973,718
Treasury shares	(13,684)	(13,683)
Reserves	851,128	809,034
	<u>1,811,162</u>	<u>1,769,069</u>
Non-controlling interests	8,225	6,041
Total Equity	<u>1,819,387</u>	<u>1,775,110</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,222,151</u></u>	<u><u>3,087,312</u></u>
Net assets per share attributable to equity holders (RM)	1.87	1.83
Number of ordinary shares net of treasury shares	967,993	967,994

The unaudited condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							Non-controlling interest RM'000	Equity, Total RM'000
	Non-Distributable				Distributable		Total RM'000		
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserves RM'000	Other reserves RM'000	Retained profits RM'000				
Opening balance at 01 July 2015	973,718	(13,683)	(6,458)	3,684	811,808	1,769,069	6,041	1,775,110	
Profit for the year	-	-	-	-	43,131	43,131	2,184	45,315	
Other comprehensive income	-	-	-	8,643	-	8,643	-	8,643	
Total comprehensive income	-	-	-	8,643	43,131	51,774	2,184	53,958	
Transactions with owners									
Dividends on ordinary shares	-	-	-	-	(9,680)	(9,680)	-	(9,680)	
Purchase of treasury shares	-	(1)	-	-	-	(1)	-	(1)	
Total Transactions with owners	-	(1)	-	-	(9,680)	(9,681)	-	(9,681)	
At 31 March 2016	<u>973,718</u>	<u>(13,684)</u>	<u>(6,458)</u>	<u>12,327</u>	<u>845,259</u>	<u>1,811,162</u>	<u>8,225</u>	<u>1,819,387</u>	
Opening balance at 01 July 2014	973,718	(13,679)	(6,477)	3,684	794,693	1,751,939	3,231	1,755,170	
Total comprehensive income	-	-	-	-	19,186	19,186	2,062	21,248	
Transactions with owners									
Dividends on ordinary shares	-	-	-	-	(14,520)	(14,520)	-	(14,520)	
Purchase of treasury shares	-	(4)	-	-	-	(4)	-	(4)	
Total Transactions with owners	-	(4)	-	-	(14,520)	(14,524)	-	(14,524)	
At 31 March 2015	<u>973,718</u>	<u>(13,683)</u>	<u>(6,477)</u>	<u>3,684</u>	<u>799,359</u>	<u>1,756,601</u>	<u>5,293</u>	<u>1,761,894</u>	

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to this quarterly report.

QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2016 - unaudited

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Current 9 months ended 31/03/2016 RM'000	Corresponding 9 months ended 31/03/2015 RM'000
Cash flows from operating activities		
Profit before taxation	60,268	37,010
Adjustments for:		
Amortisation of other intangible assets	493	10,537
Amortisation of land use rights	182	157
Depreciation	70,063	62,740
Dividend income from investment securities	(2)	(858)
Fair value loss on derivative assets	-	1,193
Impairment of trade and other receivables	9,000	3,882
Interest expenses	41,490	22,538
Interest income	(39)	(9)
Net loss on disposal of property, plant and equipment	177	3,182
Net unrealised foreign exchange loss	717	960
Operating cash flows before working capital changes	182,349	141,332
Net change in current assets	36,337	66,812
Net change in current liabilities	(46,311)	(79,335)
Cash flows from operations	172,375	128,809
Interest received	39	9
Interest paid	(41,516)	(30,448)
Income taxes paid, net of refund	(20,728)	(9,170)
Net cash flows from operating activities	110,170	89,200
Purchase of property, plant and equipment	(77,400)	(131,914)
Plantation development expenditure incurred	(29,154)	(45,843)
Purchase of other intangible assets	-	(15)
Purchase of investment securities	(70,000)	(5,000)
Proceeds from disposal of investment securities	7	37,143
Dividend income of investment securities	2	858
Proceeds from disposal of property, plant and equipment	1,221	10,552
Net cash flows used in investing activities	(175,324)	(134,219)
Cash flows from financing activities		
Dividend paid	(9,680)	(14,520)
Purchase of treasury shares	(1)	(4)
Net proceeds of revolving credit and bankers' acceptances	41,313	27,990
Repayments of hire purchase creditors	(17,437)	(10,065)
Repayments of term loans	(15,301)	(71,875)
Proceeds from term loans	118,702	133,874
Net cash flows from financing activities	117,596	65,400
Net change in cash and cash equivalent	52,442	20,381
Cash and cash equivalents at the beginning of the year	(103,310)	(64,944)
Cash and cash equivalents at the end of the year	(50,868)	(44,563)
Cash and bank balances	53,264	35,043
Bank overdrafts	(104,132)	(79,606)
	(50,868)	(44,563)

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to this quarterly report.

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 2015. 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 2015.

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 2015. At the date of authorization of these interim financial statements, the Group has not adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”). The Group intend to adopt these amendments/standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investments Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
FRS 9 Financial Instruments	1 January 2018

Part A – Explanatory Notes Pursuant to FRS 134

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 30 June 2015 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 period-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.

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		
Feb 2016	1,000	RM 1.44	RM 1.44	RM 1.4849	RM 1,484.87

On 31 March 2016, the number of shares retained as treasury shares amounted to 5,725,000.

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 sen per ordinary share in respect of the financial year ended 30 June 2015 amounting to RM9,679,938 was paid on 16th December 2015.

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Part A – Explanatory Notes Pursuant to FRS 134

8 Segmental Information

The segment information in respect of the Group's business segments for the period-to-date ended 31 March 2016 is as follows:

	Period ended 31 March 2016		Period ended 31 March 2015	
	Revenue	Profit/(Loss) Before Taxation	Revenue	Profit/(Loss) Before Taxation
	RM'000	RM'000	RM'000	RM'000
Logs	226,709	92,495	294,488	73,849
Wood processing	277,440	18,779	275,157	9,498
Oil palm	272,775	(34,562)	223,193	(10,749)
Others	450	722	512	(286)
Group admin and overhead	-	(17,166)	-	(35,302)
Consolidated total	<u>777,374</u>	<u>60,268</u>	<u>793,350</u>	<u>37,010</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 period-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 2015.

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 2016 RM'000	As at 30 June 2015 RM'000
Authorised and contracted for	<u>36,755</u>	<u>57,608</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 Quarter

For the quarter ended 31 March 2016, the Group reported a revenue of RM229.4 million representing a decrease of 5.6% from RM243.1 million recorded in the previous corresponding quarter. A loss before tax of RM7.6 million was registered in the current quarter as compared to a profit before tax of RM8.6 million attained in the corresponding period last year.

Pre-tax loss was resulted from:-

- 9% increase in FFB unit production cost due to higher cost incurred in applying higher dosage of fertiliser to increased area of more matured palm trees; and
- higher cost of financing as a result of additional bank borrowings to finance the plantation operations.

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

For the financial year-to-date, the Group's revenue of RM777.4 million was 2% lower than RM793.4 million reported in the previous corresponding period. However, pre-tax profit had improved by 63% to RM60.3 million as compared with RM37.0 million attained in the same period last year.

Lower revenue was resulted from the decrease in log and plywood sales volume due to lower logs production volume.

Higher pre-tax profit was contributed by:-

- higher average selling prices of log and plywood of 15% each;
- 39% and 27% increase in CPO and veneer sales volume respectively; and
- 11% decrease in log production cost.

15 Comparison of Profit Before Tax with Immediate Preceding Quarter

The performance for the current quarter deteriorated with a loss of RM7.6 million as compared with RM35.3 million profits reported in the preceding quarter.

The increased FFB cost of production was due to seasonal lower production volume of FFB which was aggravated by weather conditions.

Lower plywood and veneer sales volume were due to the reduction in logs production volume.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

16 Commentary on Prospects

Demand for timber products is expected to slow down due to the uncertainties of current global economic conditions. However, the average prices of the timber products are expected to remain stable due to the limited log supply coupled with a strong USD which is favourable to our export sales.

For the oil palm division, higher FFB production is expected as we are entering into high crop season and increasing palm age maturing profile. The Group will continue emphasizing on improvement in FFB yields and strengthening its plantation management practices.

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 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Amortisation	89	3,565	675	10,694
Depreciation	23,874	20,984	70,063	62,740
Fair value loss on derivative assets	-	1,193	-	1,193
Interest expenses	14,372	7,349	41,490	22,538
Impairment of financial assets	3,000	882	9,000	3,882
Net (gain)/loss on disposal of property, plant and equipment	(15)	2,048	177	3,182
Net unrealised foreign exchange (gain)/loss	(1,596)	726	717	960
Interest income	(27)	(3)	(39)	(9)
Dividend income from investment securities	(2)	(178)	(2)	(858)

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

19 Taxation

Taxation comprise:-

	Current quarter		Cumulative quarter	
	31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Current taxation	(6,471)	(4,481)	12,128	8,876
Deferred taxation	5,922	11,335	2,825	6,886
	<u>(549)</u>	<u>6,854</u>	<u>14,953</u>	<u>15,762</u>

The effective tax rate for the Group is higher than the statutory tax rate of 24%. 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.

21 Unquoted Securities

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

22 Borrowings and Debt Securities

	As at 31 March 2016 RM'000	As at 30 June 2015 RM'000
Secured borrowings:		
Short term	24,733	21,364
Long term	25,143	31,825
	<u>49,876</u>	<u>53,189</u>
Unsecured borrowings:		
Short term	488,750	547,637
Long term	534,904	350,778
	<u>1,023,654</u>	<u>898,415</u>
	<u>1,073,530</u>	<u>951,604</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>5,000</u>	<u>19,680</u>

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

23 Material litigation

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

24 Dividend Payable

No interim dividend has been declared by the Board of Directors for the current quarter (previous corresponding period: Nil).

25 Disclosure of Realised and Unrealised Profits or Losses

	As at 31 March 2016 RM'000	As at 30 June 2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,120,772	1,050,100
- Unrealised	(93,442)	(94,605)
	<u>1,027,330</u>	<u>955,495</u>
Less: Consolidation adjustments	(182,071)	(143,687)
	<u>845,259</u>	<u>811,808</u>
Total group retained profits as per consolidated accounts	<u>845,259</u>	<u>811,808</u>

26 Earnings per share (EPS)

i) Basic EPS

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 2016	31 March 2015	31 March 2016	31 March 2015
Net profit/(loss) attributable to the equity holders of the Company (RM'000)	(7,733)	635	43,131	19,186
Weighted average number of ordinary shares in issue ('000)	967,993	967,994	967,993	967,994
Basic EPS (sen)	(0.80)	0.07	4.46	1.98

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

26 Earnings per share (EPS) (cont'd)

ii) Diluted EPS

There are no dilutive potential ordinary shares. As such, the dilutive earnings per share of the Group is equivalent to basic earnings per share.

27 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 26th of May 2016.