

**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2016 - unaudited**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	226,563	300,336	472,898	547,960
Cost of sales	<u>(169,698)</u>	<u>(212,702)</u>	<u>(345,152)</u>	<u>(387,750)</u>
<b>Gross profit</b>	56,865	87,634	127,746	160,210
Other income	4,081	3,533	8,127	9,242
Selling and distribution costs	(12,446)	(21,773)	(27,312)	(39,254)
Administrative expenses	(11,528)	(18,280)	(27,261)	(34,331)
Finance costs	<u>(14,069)</u>	<u>(15,855)</u>	<u>(29,046)</u>	<u>(28,006)</u>
<b>Profit before taxation</b>	22,903	35,259	52,254	67,861
Income tax expense	<u>(5,424)</u>	<u>(7,568)</u>	<u>(14,651)</u>	<u>(15,502)</u>
<b>Profit net of tax</b>	17,479	27,691	37,603	52,359
<b>Other comprehensive income:</b>				
Foreign currency translation	5	-	5	-
Net changes on available-for-sale financial assets				
- Gain on fair value changes	2,100	-	-	-
<b>Other comprehensive income, net of tax</b>	<u>2,105</u>	<u>-</u>	<u>5</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u><u>19,584</u></u>	<u><u>27,691</u></u>	<u><u>37,608</u></u>	<u><u>52,359</u></u>
Profit attributable to:				
Owner of the parent	16,935	26,729	36,735	50,863
Non-controlling interests	544	962	868	1,496
	<u>17,479</u>	<u>27,691</u>	<u>37,603</u>	<u>52,359</u>
<b>Total comprehensive income attributable to:</b>				
Owner of the parent	19,040	26,729	36,740	50,863
Non-controlling interests	544	962	868	1,496
	<u>19,584</u>	<u>27,691</u>	<u>37,608</u>	<u>52,359</u>
Basic earnings per share attributable to owners of the parent (Sen)	1.75	2.76	3.79	5.25

The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to this quarterly report.

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**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2016 - unaudited**


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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>AS AT</b>	<b>AS AT</b>
	<b>31/12/2016</b>	<b>30/06/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,190,328	1,182,202
Biological assets	1,613,845	1,594,721
Land use rights	42	45
Goodwill on consolidation	62,337	62,337
Other intangible assets	504	553
Investment securities	75,700	75,700
Deferred tax assets	27,702	21,192
	<u>2,970,458</u>	<u>2,936,750</u>
<b>Current Assets</b>		
Inventories	164,291	137,311
Trade and other receivables	78,502	66,932
Other current assets	14,367	7,963
Income tax receivable	17,015	4,433
Derivative assets	-	2,705
Cash and bank balances	74,128	58,914
	<u>348,303</u>	<u>278,258</u>
<b>TOTAL ASSETS</b>	<u><u>3,318,761</u></u>	<u><u>3,215,008</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current Liabilities</b>		
Interest bearing loans and borrowings	475,544	507,958
Trade and other payables	158,427	184,634
Income tax payable	22,867	13,873
Derivative liabilities	2,000	-
	<u>658,838</u>	<u>706,465</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Non-current Liabilities</b>		
Interest bearing loans and borrowings	679,627	564,818
Deferred tax liabilities	132,141	120,592
	<u>811,768</u>	<u>685,410</u>
<b>Total Liabilities</b>	<u>1,470,606</u>	<u>1,391,875</u>
<b>Net assets</b>	<u>1,848,155</u>	<u>1,823,133</u>
<b>Equity Attributable to owners of the parent</b>		
Share capital	973,718	973,718
Treasury shares	(13,686)	(13,684)
Reserves	878,381	854,225
	<u>1,838,413</u>	<u>1,814,259</u>
<b>Non-controlling interests</b>	9,742	8,874
<b>Total Equity</b>	<u>1,848,155</u>	<u>1,823,133</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>3,318,761</u></u>	<u><u>3,215,008</u></u>
Net assets per share attributable to equity holders (RM)	1.90	1.87
Number of ordinary shares net of treasury shares	967,992	967,993

The unaudited condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached.

QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2016 - unaudited

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				
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserves RM'000	Other reserves RM'000	Retained profits RM'000	Total RM'000		
<b>Opening balance at 01 July 2016</b>	973,718	(13,684)	(6,449)	4,384	856,290	1,814,259	8,874	1,823,133
Profit for the year	-	-	-	-	36,735	36,735	868	37,603
Other comprehensive income	-	-	5	-	-	5	-	5
Total comprehensive income	-	-	5	-	36,735	36,740	868	37,608
<b>Transactions with owners</b>								
Dividends on ordinary shares	-	-	-	-	(12,584)	(12,584)	-	(12,584)
Purchase of treasury shares	-	(2)	-	-	-	(2)	-	(2)
<b>Total Transactions with owners</b>	-	(2)	-	-	(12,584)	(12,586)	-	(12,586)
<b>At 31 December 2016</b>	<u>973,718</u>	<u>(13,686)</u>	<u>(6,444)</u>	<u>4,384</u>	<u>880,441</u>	<u>1,838,413</u>	<u>9,742</u>	<u>1,848,155</u>
<b>Opening balance at 01 July 2015</b>	973,718	(13,683)	(6,458)	3,684	811,808	1,769,069	6,041	1,775,110
Total comprehensive income	-	-	-	-	50,863	50,863	1,496	52,359
<b>Transactions with owners</b>								
Dividends on ordinary shares	-	-	-	-	(9,680)	(9,680)	-	(9,680)
<b>At 31 December 2015</b>	<u>973,718</u>	<u>(13,683)</u>	<u>(6,458)</u>	<u>3,684</u>	<u>852,991</u>	<u>1,810,252</u>	<u>7,537</u>	<u>1,817,789</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 2016 and the accompanying explanatory notes attached to this quarterly report.

QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2016 - unaudited

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Current</b>	<b>Corresponding</b>
	<b>6 months ended</b>	<b>6 months ended</b>
	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	52,254	67,861
Adjustments for:		
Depreciation and amortisation	51,693	46,775
Fair value loss on derivative assets	4,705	-
Impairment of trade and other receivables	3,000	6,000
Interest expenses	27,768	27,119
Interest income	(84)	(13)
Net loss on disposal of property, plant and equipment	499	192
Net unrealised foreign exchange (gain)/loss	(1,354)	2,313
<b>Operating cash flows before working capital changes</b>	<b>138,481</b>	<b>150,247</b>
Net change in current assets	(48,952)	15,545
Net change in current liabilities	(26,203)	(39,328)
<b>Cash flows from operations</b>	<b>63,326</b>	<b>126,464</b>
Interest received	84	15
Interest paid	(30,344)	(27,134)
Income taxes paid, net of refund	(11,427)	(10,312)
<b>Net cash flows from operating activities</b>	<b>21,639</b>	<b>89,033</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(55,997)	(51,865)
Plantation development expenditure incurred	(18,246)	(18,162)
Purchase of investment securities	-	(70,000)
Proceeds from disposal of investment securities	-	7
Proceeds from disposal of property, plant and equipment	10,153	833
<b>Net cash flows used in investing activities</b>	<b>(64,090)</b>	<b>(139,187)</b>
<b>Cash Flows from Financing Activities</b>		
Dividend paid	(12,584)	(9,680)
Purchase of treasury shares	(1)	-
Net proceeds of revolving credit and bankers' acceptances	1,790	12,581
Repayments of hire purchase creditors	(16,061)	(11,195)
Repayments of term loans	(24,484)	(243,382)
Proceeds from term loans	108,900	360,300
<b>Net cash flows from financing activities</b>	<b>57,560</b>	<b>108,624</b>
<b>Net change in cash and cash equivalent</b>	<b>15,109</b>	<b>58,470</b>
Effects of exchange rate changes	113	-
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(79,151)</b>	<b>(103,310)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(63,929)</b>	<b>(44,840)</b>
Cash and bank balances	74,128	44,269
Bank overdrafts	(138,057)	(89,109)
	<b>(63,929)</b>	<b>(44,840)</b>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2016 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 2016. 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 2016.

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 2016. 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.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 9 Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution Assets between an Investor and Its Associate or Joint Venture	Deferred

**2 Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the year ended 30 June 2016 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.

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

**Part A – Explanatory Notes Pursuant to FRS 134**

**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 period, 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 2016	1,000	RM 1.27	RM 1.27	RM 1.3148	RM 1,314.81

On 31 December 2016, the number of shares retained as treasury shares amounted to 5,726,000.

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 1.3 sen per ordinary share in respect of the financial year ended 30 June 2016 amounting to RM12,583,895 was paid on 16<sup>th</sup> December 2016.

**8 Segmental Information**

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

	Period ended 31 December 2016		Period ended 31 December 2015	
	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Revenue RM'000	Profit/(Loss) Before Taxation RM'000
Logs	92,722	15,148	154,657	60,136
Wood processing	98,128	(13,414)	203,688	26,605
Oil palm	281,998	59,853	189,575	(4,455)
Others	50	1,138	40	(200)
Group admin and overhead	-	(10,471)	-	(14,225)
Consolidated total	<u>472,898</u>	<u>52,254</u>	<u>547,960</u>	<u>67,861</u>

**Part A – Explanatory Notes Pursuant to FRS 134**

**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 2016.

**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 December 2016 RM'000	As at 30 June 2016 RM'000
Authorised and contracted for	<u>32,315</u>	<u>39,415</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 December 2016, the Group reported a revenue of RM226.6 million, a decrease of 25% from RM300.3 million recorded in the previous corresponding quarter. Pre-tax profit of RM22.9 million attained in the current period was 35% lower than RM35.3 million reported in the same period last year.

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

- 43% and 46% drop in log and plywood sales volume with 4% and 13% decline in average selling price respectively; and
- 12% and 29% increase in production cost as a result of 4% and 5% decrease in production volume of FFB and CPO respectively.

**(b) Comparison of Results with Previous Period-to-date**

For the financial period-to-date, the Group's revenue of RM472.9 million was 14% lower than RM548.0 million reported in the previous corresponding period. Lower revenue was due to reduction in log production by more than 30% which resulted in the decrease of sales volume for log and plywood.

The pre-tax profit reduced by 23% to RM52.3 million as compared with RM67.9 million attained in the same period last year. Lower pre-tax profit was mainly due to 32% and 39% drop in log and plywood sales volume with 13% and 14% decline in average selling price respectively.

**15 Comparison of Profit Before Tax with Immediate Preceding Quarter**

The Group's pre-tax profit for the current quarter reduced by 22% to RM22.9 million as compared with RM29.4 million reported in the preceding quarter. The decline was mainly affected by:-

- 37% and 23% fall in FFB and CPO sales volume respectively; and
- 27% reduction for both FFB and CPO production volume leading to higher production cost by 28% and 41% respectively.

**16 Commentary on Prospects**

The ongoing timber certification and forest management initiative by the authority will continue to affect the production of log and downstream products. However, we expect the average price of the timber products to remain stable due to production constraint across the timber industry in Sarawak.

For the oil palm division, lower palm oil stockpile and weaker production season should support the price of CPO in the near term. The demand for palm oil is expected to increase with the weaker Ringgit which makes the palm oil relatively cheaper when compared to other edible oil.



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

**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 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Amortisation	82	88	164	586
Depreciation	26,044	23,411	51,529	46,189
Fair value loss on derivative assets	2,554	-	4,705	-
Interest expenses	13,668	15,837	27,768	27,119
Impairment of financial assets	-	3,000	3,000	6,000
Net loss on disposal of property, plant and equipment	1,090	100	499	192
Net unrealised foreign exchange (gain)/loss	(3,599)	523	(1,354)	2,313
Interest income	-	(11)	(84)	(12)

**19 Taxation**

Taxation comprise:-

	Current quarter		Cumulative quarter	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Current taxation	4,684	10,269	9,611	18,599
Deferred taxation	740	(2,701)	5,040	(3,097)
	<u>5,424</u>	<u>7,568</u>	<u>14,651</u>	<u>15,502</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.

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

**20 Quoted Securities**

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

**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 December 2016 RM'000	As at 30 June 2016 RM'000
Secured borrowings:		
Short term	26,494	24,922
Long term	<u>16,024</u>	<u>20,706</u>
	<u>42,518</u>	<u>45,628</u>
Unsecured borrowings:		
Short term	449,050	483,036
Long term	<u>663,603</u>	<u>544,112</u>
	<u>1,112,653</u>	<u>1,027,148</u>
	<u>1,155,171</u>	<u>1,072,776</u>
Borrowings denominated in foreign currency:		
	USD'000	RM'000 Equivalent
United States Dollars	<u>5,000</u>	<u>22,415</u>

**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).

**JAYA TIASA HOLDINGS BHD ( 3751-V )**  
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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**25 Disclosure of Realised and Unrealised Profits or Losses**

	As at 31 December 2016 RM'000	As at 30 June 2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,161,608	1,114,301
- Unrealised	(99,163)	(100,432)
	<u>1,062,445</u>	<u>1,013,869</u>
Less: Consolidation adjustments	(182,004)	(157,579)
	<u>880,441</u>	<u>856,290</u>
Total group retained profits as per consolidated accounts	<u>880,441</u>	<u>856,290</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 December 2016	31 December 2015	31 December 2016	31 December 2015
Net profit attributable to the equity holders of the Company (RM'000)	16,935	26,729	36,735	50,863
Weighted average number of ordinary shares in issue ('000)	967,992	967,994	967,992	967,994
Basic EPS (sen)	1.75	2.76	3.79	5.25

**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 23<sup>rd</sup> of February 2017.