

JAYA TIASA HOLDINGS BHD (3751-V)

SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 - unaudited

CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|-------------------|---------------------------|-------------------|
| | 3 months ended | | 6 months ended | |
| | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 244,080 | 226,563 | 499,821 | 472,898 |
| Cost of sales | (192,157) | (169,698) | (376,349) | (345,152) |
| Gross profit | 51,923 | 56,865 | 123,472 | 127,746 |
| Other income | 2,887 | 4,081 | 7,053 | 8,127 |
| Selling and distribution costs | (10,018) | (12,446) | (22,388) | (27,312) |
| Administrative expenses | (7,894) | (11,528) | (16,029) | (27,261) |
| Operating profit | 36,898 | 36,972 | 92,108 | 81,300 |
| Finance costs | (14,976) | (14,069) | (27,935) | (29,046) |
| Profit before taxation | 21,922 | 22,903 | 64,173 | 52,254 |
| Income tax expense | (5,824) | (5,424) | (18,627) | (14,651) |
| Profit net of tax | 16,098 | 17,479 | 45,546 | 37,603 |
| Other comprehensive income: | | | | |
| Foreign currency translation | - | 5 | 5 | 5 |
| Net changes on available-for-sale financial assets | | | | |
| - (Loss)/gain on fair value changes | (3,500) | 2,100 | (9,800) | - |
| Other comprehensive income, net of tax | (3,500) | 2,105 | (9,795) | 5 |
| Total comprehensive income for the year | 12,598 | 19,584 | 35,751 | 37,608 |
| Profit attributable to: | | | | |
| Owner of the parent | 15,508 | 16,935 | 44,308 | 36,735 |
| Non-controlling interests | 590 | 544 | 1,238 | 868 |
| | 16,098 | 17,479 | 45,546 | 37,603 |
| Total comprehensive income attributable to: | | | | |
| Owner of the parent | 12,008 | 19,040 | 34,513 | 36,740 |
| Non-controlling interests | 590 | 544 | 1,238 | 868 |
| | 12,598 | 19,584 | 35,751 | 37,608 |
| Basic earnings per share attributable to owners of the parent (Sen) | 1.60 | 1.75 | 4.58 | 3.79 |

The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to this quarterly report.

SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 - unaudited

CONDENSED STATEMENTS OF FINANCIAL POSITION

| | Note | UNAUDITED AS AT 31/12/2017 RM'000 | AUDITED AS AT 30/06/2017 RM'000 |
|--|------|--|--|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, plant and equipment | | 1,131,040 | 1,171,915 |
| Biological assets | | 1,658,374 | 1,639,812 |
| Land use rights | | 38 | 40 |
| Other intangible assets | | 770 | 610 |
| Investment securities | | 58,900 | 68,700 |
| Deferred tax assets | | 27,334 | 22,492 |
| | | 2,876,456 | 2,903,569 |
| Current Assets | | | |
| Inventories | 1 | 127,032 | 139,649 |
| Trade and other receivables | 2 | 81,267 | 59,584 |
| Other current assets | | 9,666 | 14,663 |
| Income tax receivable | | 14,794 | - |
| Derivative assets | | - | 252 |
| Cash and bank balances | | 97,640 | 65,234 |
| | | 330,399 | 279,382 |
| TOTAL ASSETS | | 3,206,855 | 3,182,951 |
| EQUITY AND LIABILITIES | | | |
| Current Liabilities | | | |
| Interest bearing loans and borrowings | 4 | 462,288 | 487,479 |
| Trade and other payables | 3 | 129,928 | 136,195 |
| Income tax payable | | 11,505 | 4,968 |
| Derivative liabilities | | - | 304 |
| | | 603,721 | 628,946 |
| EQUITY AND LIABILITIES | | | |
| Non-current Liabilities | | | |
| Interest bearing loans and borrowings | 5 | 594,002 | 589,358 |
| Deferred tax liabilities | | 160,108 | 146,534 |
| | | 754,110 | 735,892 |
| Total Liabilities | | 1,357,831 | 1,364,838 |
| Net assets | | 1,849,024 | 1,818,113 |
| Equity Attributable to owners of the parent | | | |
| Share capital | | 977,402 | 977,402 |
| Treasury shares | | (13,687) | (13,687) |
| Reserves | | 872,761 | 843,088 |
| | | 1,836,476 | 1,806,803 |
| Non-controlling interests | | 12,548 | 11,310 |
| Total Equity | | 1,849,024 | 1,818,113 |
| TOTAL EQUITY AND LIABILITIES | | 3,206,855 | 3,182,951 |
| Net assets per share attributable to equity holders (RM) | | 1.90 | 1.87 |
| Number of ordinary shares net of treasury shares | | 967,991 | 967,991 |

The unaudited condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached.

SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 - unaudited

CONDENSED 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 | | |
| As at 01 July 2017 | 977,402 | (13,687) | (6,441) | (6,300) | 855,829 | 1,806,803 | 11,310 | 1,818,113 |
| Profit for the year | - | - | - | - | 44,308 | 44,308 | 1,238 | 45,546 |
| Other comprehensive income | - | - | 5 | (9,800) | - | (9,795) | - | (9,795) |
| Total comprehensive income | - | - | 5 | (9,800) | 44,308 | 34,513 | 1,238 | 35,751 |
| Dividends on ordinary shares | - | - | - | - | (4,840) | (4,840) | - | (4,840) |
| Total Transactions with owners | - | - | - | - | (4,840) | (4,840) | - | (4,840) |
| As at 31 December 2017 | <u>977,402</u> | <u>(13,687)</u> | <u>(6,436)</u> | <u>(16,100)</u> | <u>895,297</u> | <u>1,836,476</u> | <u>12,548</u> | <u>1,849,024</u> |
| As at 01 July 2016 | 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 |
| Dividends on ordinary shares | - | - | - | - | (12,584) | (12,584) | - | (12,584) |
| Purchase of treasury shares | - | (2) | - | - | - | (2) | - | (2) |
| Total Transactions with owners | - | (2) | - | - | (12,584) | (12,586) | - | (12,586) |
| As at 31 December 2016 | <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> |

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 2017 and the accompanying explanatory notes attached to this quarterly report.

SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 - unaudited

CONDENSED STATEMENTS OF CASH FLOWS

| | Current 6 months ended 31/12/2017 RM'000 | Corresponding 6 months ended 31/12/2016 RM'000 |
|--|---|---|
| Cash Flows from Operating Activities | | |
| Profit before taxation | 64,173 | 52,254 |
| Adjustments for: | | |
| Depreciation and amortisation | 61,994 | 51,693 |
| Fair value loss on derivative | - | 4,705 |
| Impairment on trade and other receivables | - | 3,000 |
| Interest expenses | 26,274 | 27,768 |
| Interest income | (132) | (84) |
| Net loss on disposal of property, plant and equipment | 914 | 499 |
| Net unrealised foreign exchange gain | - | (1,354) |
| Reversal of fair value loss on derivatives | (52) | - |
| Operating cash flows before working capital changes | 153,171 | 138,481 |
| Net change in current assets | (12,968) | (48,952) |
| Net change in current liabilities | (6,651) | (26,203) |
| Cash flows from operations | 133,552 | 63,326 |
| Interest received | 132 | 84 |
| Interest paid | (26,309) | (30,344) |
| Income taxes paid, net of refund | (8,733) | (11,427) |
| Net cash flows from operating activities | 98,642 | 21,639 |
| Cash Flows from Investing Activities | | |
| Acquisition of property, plant and equipment | (28,883) | (55,997) |
| Acquisition of biological assets | (17,094) | (18,246) |
| Proceeds from disposal of property, plant and equipment | 9,994 | 10,153 |
| Net cash flows used in investing activities | (35,983) | (64,090) |
| Cash Flows from Financing Activities | | |
| Dividend paid | (4,840) | (12,584) |
| Purchase of treasury shares | - | (1) |
| Net proceeds of revolving credit and bankers' acceptances | 6,558 | 1,790 |
| Repayments of hire purchase creditors | (14,422) | (16,061) |
| Repayments of term loans | (23,909) | (24,484) |
| Proceeds from term loans | 44,400 | 108,900 |
| Net cash flows from financing activities | 7,787 | 57,560 |
| Net change in cash and cash equivalent | 70,446 | 15,109 |
| Effects of exchange rate changes | - | 113 |
| Cash and cash equivalents at the beginning of the year | (73,792) | (79,151) |
| Cash and cash equivalents at the end of the year | (3,346) | (63,929) |
| Cash and bank balances | 97,640 | 74,128 |
| Bank overdrafts | (100,986) | (138,057) |
| | (3,346) | (63,929) |

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to this quarterly report.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

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 2017. 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 2017.

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 2017. 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 |
|--|--|
| MFRS 141: Agriculture | 1 January 2018 |
| MFRS 141: Agriculture: Bearer Plants (amendments to MFRS 116 and MFRS 141) | 1 January 2018 |
| MFRS 9 : Financial Instruments | 1 January 2018 |
| MFRS 15: Revenue from Contracts with Customers | 1 January 2018 |
| Amendments to MFRS 10 and MFRS 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 2017 was not qualified.

3 Seasonal and Cyclical Factors

Production of fresh fruit bunches (“FFB”) is cyclical in nature. The peak crops season of FFB normally is in the second half of the year but depends on weather conditions.

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.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

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*

There were no issuances or repayments of debt and equity securities during the financial period. The number of shares retained as treasury shares amounted to 5,727,000 as at 31 December 2017.

7 *Dividends Paid*

A final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2017 amounting to RM4,839,956 was paid on 19 December 2017

8 *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 2017.

9 *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.

10 *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.

11 *Contingent Liabilities and Contingent Assets*

There are no significant changes in contingent liabilities or assets as at the end of the current quarter.

JAYA TIASA HOLDINGS BHD (3751-V)
SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

12 Segmental Information

The financial information in respect of the Group's business segments for the current financial period ended 31 December 2017 is as follows:

| | Oil Palm | Timber | Others | Elimination | Total |
|-------------------------------|-----------------|----------------|---------------|--------------------|----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | | | | | |
| External | 328,524 | 171,182 | 115 | | 499,821 |
| Inter segment | 235,220 | 186,167 | 3,421 | (424,808) | - |
| Total Revenue | 563,744 | 357,349 | 3,536 | (424,808) | 499,821 |
| EBITDA | 130,356 | 31,096 | 1,442 | - | 162,894 |
| Finance cost | (19,934) | (7,998) | (3) | - | (27,935) |
| Depreciation and amortisation | (36,124) | (25,035) | (835) | - | (61,994) |
| Segmental result | 74,298 | (1,937) | 604 | - | 72,965 |
| Group admin and overhead cost | | | | | (8,792) |
| Profit before tax | | | | | 64,173 |
| Segment assets | 2,590,579 | 535,182 | 81,094 | - | 3,206,855 |
| Segment liabilities | 937,452 | 419,351 | 1,028 | - | 1,357,831 |

13 Property, Plant and Equipment

Acquisition and disposal of items of property, plant and equipment by the Group for the current financial period ended 31 December 2017 is as follows:

| | Acquisition | Disposal |
|----------------------------------|---------------|-----------------|
| | RM'000 | RM'000 |
| Factory, building and quarter | 10,626 | (303) |
| Road and bridge | 3,691 | - |
| Furniture, fitting and equipment | 1,745 | (968) |
| Motor vehicle | 14,037 | (34,525) |
| Plant and machinery | 3,817 | (3,454) |
| Total | 33,917 | (39,250) |

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

14 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 2017 RM'000 | As at 30 June 2017 RM'000 |
|-----------------------------|-------------------------------------|---------------------------------|
| Approved and contracted for | <u>15,631</u> | <u>13,092</u> |

15 Fair value of Financial Instruments

The Group uses the following levels of fair value hierarchy in measuring the fair value of financial instruments.

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2017, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---------------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| Financial assets | | | | |
| Equity investments quoted in Malaysia | <u>53,900</u> | - | - | <u>53,900</u> |

The methods and valuation techniques used for the purpose of measuring fair value are consistent with the previous financial year ended 30 June 2017. There have been no transfers between the levels during the year.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

16 Significant Related Party Transactions

The Group entered into the following significant related parties transactions with companies connected to certain Directors of the Companies and its subsidiaries for the current financial period ended 31 December 2017.

| | Period-to-date | |
|--|----------------------|----------------------|
| | 31.12.2017 RM'000 | 31.12.2016 RM'000 |
| i) Purchase of logs from Binamewah Sdn Bhd | 2,126 | 10,871 |
| ii) Purchase of raw materials from Petanak Enterprise Sdn Bhd | 6,684 | 4,959 |
| iii) Purchase of lubricant and spare parts from Rimbulan Hijau General Trading Sdn Bhd | 3,252 | 2,806 |
| iv) Provision of reforestation planning and advisory services by R H Development (Sarawak) Sdn Bhd | 258 | 699 |
| v) Provision of logpond services by Subur Group | 97 | 388 |
| vi) Land rental for oil palm plantation development by RH Group | 3,526 | 3,321 |
| vii) Sale of veneer to Subur Group | 1,404 | - |
| viii) Sale of FFB to R H Selangau Palm Oil Mill Sdn Bhd | 2,210 | 5,974 |
| ix) Sale of CPO to Borneo Edible Oil Sdn Bhd | 125,995 | - |
| x) Provision of logging contract services to Tapak Megah Sdn Bhd | 814 | 4,727 |
| xi) Provision of freight and towage services by Oriental Evermore Group | 5,020 | - |
| | <hr/> <hr/> | <hr/> <hr/> |

JAYA TIASA HOLDINGS BHD (3751-V)
SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

17 Performance Review for Current Quarter and Financial Year to Date

| | Individual Period | | | Cumulative Period | | |
|---|-------------------|------------------------------|--------------|-------------------|----------------------|------------|
| | Year | Preceding Year | Changes | Current | Preceding Year | Changes |
| | Second Quarter | Corresponding Second Quarter | | Year To-date | Corresponding Period | |
| 31.12.2017 | 31.12.2016 | | 31.12.2017 | 31.12.2016 | | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | | | | | | |
| <i>Oil Palm</i> | 163,041 | 127,672 | 28% | 328,524 | 281,998 | 16% |
| <i>Timber</i> | 80,972 | 98,857 | -18% | 171,182 | 190,850 | -10% |
| <i>Others</i> | 67 | 34 | 97% | 115 | 50 | 130% |
| | 244,080 | 226,563 | 8% | 499,821 | 472,898 | 6% |
| Operating Profit | | | | | | |
| <i>Oil Palm</i> | 40,299 | 25,857 | 56% | 94,232 | 78,544 | 20% |
| <i>Timber</i> | 739 | 14,803 | -95% | 6,061 | 12,086 | -50% |
| <i>Others</i> | (4,140) | (3,688) | 12% | (8,185) | (9,330) | -12% |
| | 36,898 | 36,972 | -0.2% | 92,108 | 81,300 | 13% |
| Profit Before Tax | | | | | | |
| <i>Oil Palm</i> | 29,598 | 17,201 | 72% | 74,298 | 59,853 | 24% |
| <i>Timber</i> | (3,536) | 9,391 | -138% | (1,937) | 1,734 | -212% |
| <i>Others</i> | (4,140) | (3,689) | 12% | (8,188) | (9,333) | -12% |
| | 21,922 | 22,903 | -4% | 64,173 | 52,254 | 23% |
| Profit After Tax | 16,098 | 17,479 | -8% | 45,546 | 37,603 | 21% |
| Profit Attributable to Owner of the Parent | 15,508 | 16,935 | -8% | 44,308 | 36,735 | 21% |

For the current quarter and year-on-year review, the Group recorded higher revenue as compared to the corresponding period last year. Higher revenue was mainly contributed by an increase in CPO and PK sales volume arising from higher FFB production and commissioning of a new CPO mill in January 2017.

Despite a 4% decrease in profit before tax for the current quarter as compared to the corresponding second quarter last year, the Group achieved a 23% higher pre-tax profit for the financial year-to-date when compared with the corresponding period last year mainly due to:-

- 10% and 18% decrease in CPO and PK production cost as a result of 42% and 55% increase in production volume respectively
- overall improvement in Oil Extraction Rate (OER) and higher mills capacity utilization rate.
- higher administrative expenses in the preceding year corresponding period arising from the provision of impairment and derivative loss.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

18 Performance Review for Current Quarter with Immediate Preceding Quarter

| | Individual Period | | Changes |
|---|--|--|-------------|
| | Current Quarter 31.12.2017 RM'000 | Immediate Preceding Quarter 30.09.2017 RM'000 | |
| Revenue | | | |
| <i>Oil Palm</i> | 163,041 | 165,483 | -1% |
| <i>Timber</i> | 80,972 | 90,210 | -10% |
| <i>Others</i> | 67 | 48 | 40% |
| | 244,080 | 255,741 | -5% |
| Operating Profit | | | |
| <i>Oil Palm</i> | 40,299 | 53,933 | -25% |
| <i>Timber</i> | 739 | 5,322 | -86% |
| <i>Others</i> | (4,140) | (4,045) | 2% |
| | 36,898 | 55,210 | -33% |
| Profit Before Tax | | | |
| <i>Oil Palm</i> | 29,598 | 44,700 | -34% |
| <i>Timber</i> | (3,536) | 1,599 | -321% |
| <i>Others</i> | (4,140) | (4,048) | 2% |
| | 21,922 | 42,251 | -48% |
| Profit After Tax | 16,098 | 29,448 | -45% |
| Profit Attributable to Owner of the Parent | 15,508 | 28,800 | -46% |

When compared to the immediate preceding quarter, current quarter's revenue decreased by 5% as a result of 23% and 7% contraction in log sales volume and selling price respectively.

The Group's pre-tax profit was 48% lower than the immediate preceding quarter mainly due to higher production cost in both oil palm and timber divisions as a result of lower production volume achieved in the current quarter. Seasonal lower production cycle and wet weather were the main causes of low production.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

19 Group's Prospects

We expect FFB and CPO to register lower production volume as we are entering the low crops season and experiencing the effect of La Nina weather phenomenon which will adversely affect our FFB harvesting, crop evacuation and OER. However, with the anticipated disruption in the supply of palm oil products, the price of CPO is expected to remain firm in the coming quarter.

As for the timber division, the ongoing timber certification and forest management initiative by the authority will continue to affect significantly the overall timber output. However, we expect the average price of the timber products to remain stable due to production constraint across the timber industry in Sarawak.

20 Profit for the Period

Included in the profit before tax are the following items:

| | Current quarter | | Year-to-date | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Amortisation | 82 | 82 | 158 | 164 |
| Depreciation | 29,919 | 26,044 | 61,836 | 51,529 |
| Fair value loss on derivative assets | - | 2,554 | - | 4,705 |
| Interest expenses | 14,162 | 13,668 | 26,274 | 27,768 |
| Impairment of receivables | - | - | - | 3,000 |
| Net loss on disposal of property, plant and equipment | 578 | 1,090 | 914 | 499 |
| Net unrealised foreign exchange gain | (2,477) | (3,599) | - | (1,354) |
| Interest income | (78) | - | (132) | (84) |
| Reversal of fair value loss on derivatives | - | - | (52) | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

21 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.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

22 Taxation

Tax charge for the current financial period comprise:-

| | Current quarter | | Year-to-date | |
|-------------------|-----------------|--------------|---------------|---------------|
| | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current taxation | 4,692 | 4,684 | 9,895 | 9,611 |
| Deferred taxation | 1,132 | 740 | 8,732 | 5,040 |
| | <u>5,824</u> | <u>5,424</u> | <u>18,627</u> | <u>14,651</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 and tax losses of certain subsidiaries where deferred tax assets have not been recognised.

23 Corporate Proposals

There were no corporate proposals announced or pending completion as at the date of this quarterly report.

24 Quoted Securities

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

25 Unquoted Securities

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

26 Material litigation

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

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

27 Borrowings and Debt Securities

| | As at 31 December 2017 | | | | | |
|-------------------|------------------------|---------|------------|---------|------------------|-----------|
| | Long term | | Short term | | Total borrowings | |
| | USD'000 | RM'000 | USD'000 | RM'000 | USD'000 | RM'000 |
| Secured | | | | | | |
| Finance lease | - | 10,642 | - | 15,923 | - | 26,565 |
| Unsecured | | | | | | |
| Bank overdraft | - | - | - | 100,986 | - | 100,986 |
| Banker acceptance | - | - | - | 75,951 | - | 75,951 |
| Revolving credit | - | 252,500 | 5,000 | 226,285 | 5,000 | 478,785 |
| Term loans | - | 330,860 | - | 43,143 | - | 374,003 |
| | - | 583,360 | 5,000 | 446,365 | 5,000 | 1,029,725 |
| Total | - | 594,002 | 5,000 | 462,288 | 5,000 | 1,056,290 |

| | As at 30 June 2017 | | | | | |
|-------------------|--------------------|---------|------------|---------|------------------|-----------|
| | Long term | | Short term | | Total borrowings | |
| | USD'000 | RM'000 | USD'000 | RM'000 | USD'000 | RM'000 |
| Secured | | | | | | |
| Finance lease | - | 13,289 | - | 22,832 | - | 36,121 |
| Unsecured | | | | | | |
| Bank overdraft | - | - | - | 139,026 | - | 139,026 |
| Banker acceptance | - | - | - | 41,213 | - | 41,213 |
| Revolving credit | - | 271,500 | 5,000 | 244,965 | 5,000 | 516,465 |
| Term loans | - | 304,569 | - | 39,443 | - | 344,012 |
| | - | 576,069 | 5,000 | 464,647 | 5,000 | 1,040,716 |
| Total | - | 589,358 | 5,000 | 487,479 | 5,000 | 1,076,837 |

28 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)
SECOND QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

29 Disclosure of Realised and Unrealised Profits or Losses

| | As at 31.12.2017 RM'000 | As at 30.06.2017 RM'000 |
|---|-------------------------------|-------------------------------|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 1,275,521 | 1,206,747 |
| - Unrealised | (115,258) | (122,441) |
| | <u>1,160,263</u> | <u>1,084,306</u> |
| Less: Consolidation adjustments | (264,966) | (228,477) |
| | <u>895,297</u> | <u>855,829</u> |
| Total group retained profits as per consolidated accounts | <u><u>895,297</u></u> | <u><u>855,829</u></u> |

30 Earnings per share (EPS)

i) Basic EPS

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 | | Year-to-date | |
|---|-----------------|------------|--------------|------------|
| | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| Net profit attributable to the equity holders of the Company (RM'000) | 15,508 | 16,935 | 44,308 | 36,735 |
| Weighted average number of ordinary shares in issue ('000) | 967,991 | 967,992 | 967,991 | 967,992 |
| Basic EPS (sen) | 1.60 | 1.75 | 4.58 | 3.79 |

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.

31 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 28th of February 2018.