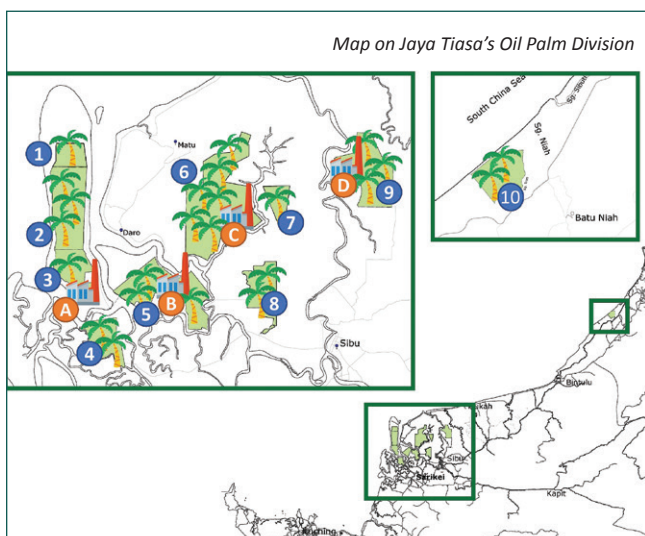


MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders, the aim of the Management Discussion and Analysis (MD&A) is to provide shareholders with an overview of the business operations of the Group, the financial review for the financial year ended 30 June 2021 and the Group's expectations on the business going into 2022.

OVERVIEW OF BUSINESS & OPERATIONS

Jaya Tiasa Holdings Berhad commenced operations as a downstream wood processing company in 1987. In 2002, the Group diversified into the palm oil business which has now become our core business. We have a land bank of 83,483 hectares in the state of Sarawak, Malaysia with a total planted and mature area of 69,589 hectares spreading over ten plantations in Sarawak. We own four Crude Palm Oil (CPO) mills, with a total combined processing capacity of 1,782,000 MT of Fresh Fruit Bunch (FFB) per annum. All our plantations and CPO mills are Malaysia Sustainable Palm Oil (MSPO) certified in a major effort to broaden market access with the increasing demand for sustainable palm oil and enhance the Group's image as being socially and environmentally responsible.



No	Plantations	Land Area (Ha)	Planted Area (Ha)
1	Poh Zhen	5,000	2,933
2	Eastern Eden	10,000	8,580
3	Wealth Houses	6,000	5,757
4	Lepah	5,149	4,099
5	Daro Jaya	11,681	9,841
6	Lassa	21,300	16,287
7	Kabang	2,700	2,133
8	Sawai	6,050	5,448
9	Hariyama	10,600	9,645
10	Simalau	5,003	4,866
	Total	83,483	69,589

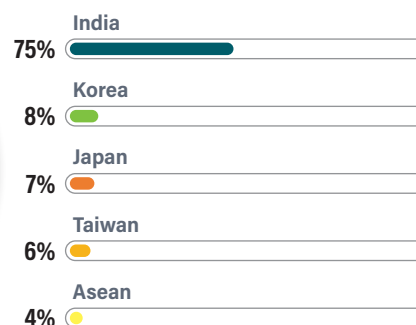
No	CPO Mills	Capacity (MT) Per Hour	Capacity (MT) Per Annum
A	Wealth Houses CPO Mill	90	486,000
B	Daro Jaya CPO Mill	60	324,000
C	Lassa CPO Mill	120	648,000
D	Hariyama CPO Mill	60	324,000
	Total	330	1,782,000

MANAGEMENT DISCUSSION AND ANALYSIS

Forest plantation division is currently managing a total reforestation area of 120,395 hectares with the aim of ensuring that ecologically and environmentally sound forest conservation and management practices are being used for renewable and sustainable production of logs.

LPF	Gross Area (Ha)	Est. Plantable Area (Ha)	Planted to date (Ha)
Total	120,395	75,622	35,049

Our logs are sold to several major markets in the world, with India being our largest buyer in the reporting financial year, constituting 75% of our logs export market, followed by Korea, Japan, Taiwan and other ASEAN countries.



OBJECTIVES AND STRATEGIES

With our principal business in oil palm division, all our plantations and mills are fully certified with Malaysia Sustainable Palm Oil (MSPO) Certifications and we will continue to adopt responsible and sustainable agricultural practices to positively impact the economy, environment and social development as well as deliver better returns to our shareholders. Driven by the same objective for our logging division, we have also undertaken Sustainable Forest Management (SFM) practices to meet global concerns and expectations in managing the forest with greater emphasis on environmental protection and conservation of biological diversity. The awarding of the SFM certificate has been delayed due to the extension of the Movement Control Order (MCO) since March 2020.

This pandemic has affected our progress. However, our commitment to expand our forest planted area with fast-growing tree species such as Eucalyptus Deglupta (Kamarere), Eucalyptus Pellita, Albizia Falcata (Batai) and Kelampayan remains unchanged. We will continue to explore new and innovative ideas in our endeavour towards conserving forests for the shared prosperity of humankind and providing a steady supply of logs in a sustainable manner through Reforestation.

REVIEW OF FINANCIAL RESULTS

The Group's revenue of RM723.4 million was 3% higher than RM701.9 million reported in the previous year. The year-on-year improvement was due to better performance in Oil Palm Division underpinned by a leap of 59% in FFB selling price and 44% in CPO selling price, which has compensated for the drop of 22% in FFB production and 18% in CPO sales volume. The lower FFB production was attributable to disruption in the recruitment of workers during the MCO. Revenue in timber division decreased by 32% as the Group opted to temporarily discontinue our loss making downstream wood manufacturing businesses during the year. Logs sale increased by 3% with export selling price remaining consistent.

The Group delivered an improved performance, registering a Profit before Tax before Impairment loss of RM89.2 million for the reporting year, a 393% improvement from a deficit of RM30.4 million in the previous year. The determining factor was mainly due to the encouraging CPO prices averaging for the year at considerably higher levels compared to the previous year.

The total selling and distribution cost reduced by 14% while the finance cost reduced by 37% principally arising from a reduction of 19% in overall bank borrowings. A total of RM45.5 million of CPO Future hedging loss was taken up during the year. Our cash flow from Operating Activities contracted 21% to RM146.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

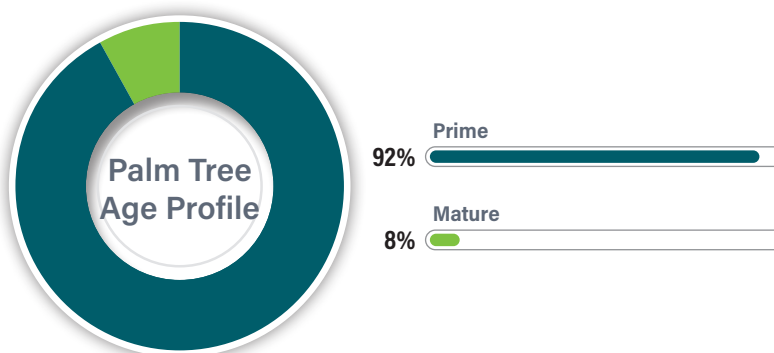
REVIEW OF OPERATING ACTIVITIES

OIL PALM

Oil palm division contributed 82% to the Group's revenue. The division recorded a profit before tax of RM107.9 million, 127% increase from RM47.5 million in the previous year. The average FFB price was RM668 per MT, an increase of 59% while CPO price climbed by 44% to RM3,133 per MT.

Oil palm division was very much affected by the pandemic when borders were shut down and movements restricted under the extended period of MCO. This ultimately hampered harvesting, transportation and recruitment of worker when foreign workforce was banned from entering the country which led to a 33% drop in the total number of the Group's foreign workforce causing production setbacks in crop losses. The total FFB production for the reporting period was 861,766 metric ton (MT) against 1,111,298 MT in the previous period.

Product	Average Selling Price (RM/MT)		OER / KER (%)	
	FY21	FY20	FY21	FY20
CPO	3,133	2,177	18.1%	17.5%
PK	1,884	1,201	4.0%	3.4%
FFB	668	420		



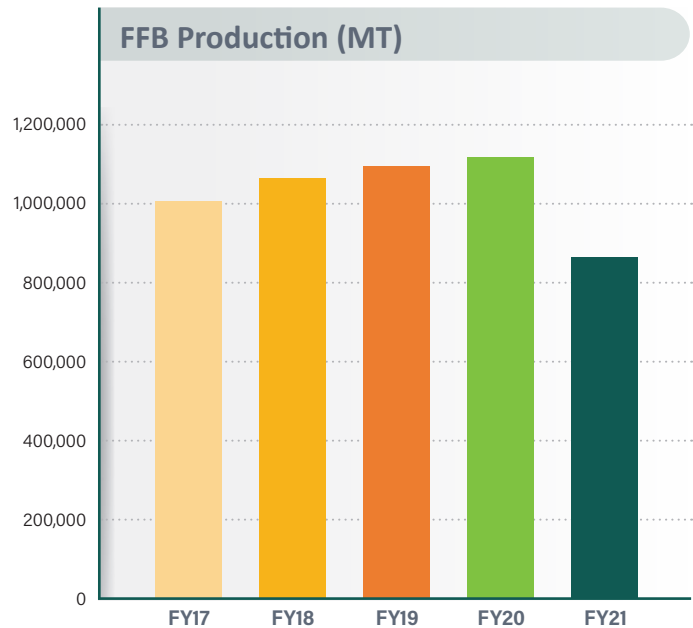
CPO Mill	Capacity (MT per annum)	FY2021		FY2020	
		FFB Input (MT)	Utilization %	FFB Input (MT)	Utilization %
Wealth Houses CPO Mill	486,000	216,592	45%	309,444	64%
Daro Jaya CPO Mill	324,000	213,673	66%	258,367	80%
Lassa CPO Mill	648,000	278,484	43%	386,369	60%
Hariyama CPO Mill	324,000	173,150	53%	181,050	56%
Total	1,782,000	881,899	49%	1,135,229	64%

Total CPO produced by all the Group's palm oil mills saw a drop of 20% to 160,039 MT. There was also a slight drop of 8% in the total palm kernel (PK) produced at 35,017 MT. This was mainly attributed to the worker shortage issue in our plantations arising from the Covid-19 pandemic. We have since acted swiftly on the workforce issue by introducing various incentive packages to retain existing workers and increase workers' productivity.

MANAGEMENT DISCUSSION AND ANALYSIS

Most of our palm trees are already in their prime with a weighted average palm age of 12 years old. Over the last four years, we have consistently produced more than 1 million MT of FFB with a Compound Annual Growth Rate (CAGR) of 4.5% up to the last financial year. Despite taking a hit in the total production in the current year, workers' productivity however has increased by 17% compared to the previous year. FFB production is expected to recover when we are able to bring back foreign workers.

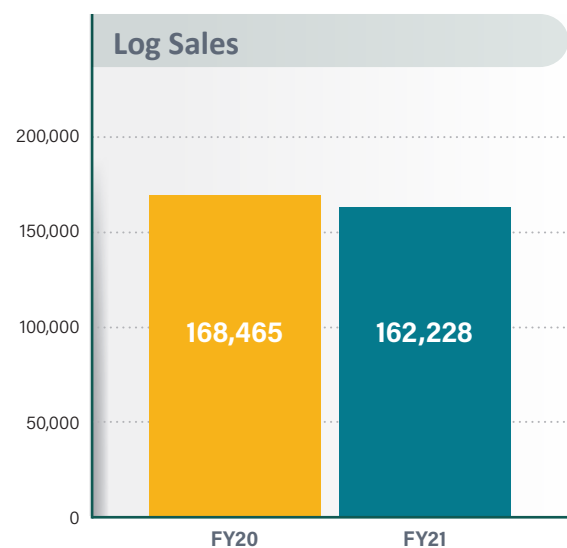
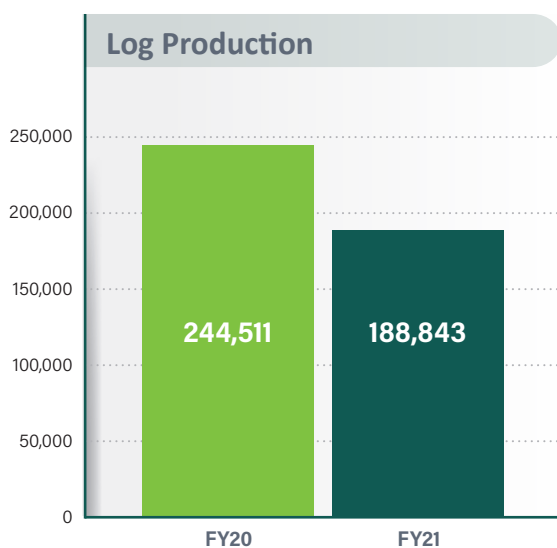
Even in the face of global volatility, the Group remains confident that with tight controls and well-planned budgets on operation costs, as well as an expected recovery in the global economic activities, our palm oil division is well prepared to keep up with invigorating contribution to the Group when the economy gradually normalizes.



TIMBER

Timber sales contributed about 18% to the total Group's revenue. The timber division recorded a Loss before Tax and impairment loss of RM8.7 million, an improvement from previous year's loss of RM68.8 million. This was achieved by closing down our loss making wood manufacturing factories during the year in consideration of the high costs of operation, volatile global market demand and decline in natural log production and supply. Our priority was to sell logs before processing them in order to maximize our revenue and retain existing markets.

The average export price for logs was relatively consistent at USD191 per M3. India remained our largest buyer, constituting 75% of our logs export market, followed by Korea, Japan, Taiwan and other ASEAN countries.



Total log production for the reporting period was 188,843 M3 compared to 244,511 M3 in the previous year. If the pandemic situation improves and movement restrictions lifted, we hope to obtain the certifications for our timber licences by 2022 in accordance with the state government's timeline. The development of our Forest Plantation has been established as a long term solution to the acute shortage in the supply of natural logs.

MANAGEMENT DISCUSSION AND ANALYSIS

REFORESTATION

The Group has planted 35,049 hectare of forest plantations. During the financial year, the progress of tree planting and maintenance works were slow due to shortage of workers. A total of 82,560 seedlings were planted under the Industrial Tree Planting Method. The average survival rate of the E. Pellita seedlings at one month is above 90%.

Area	Species	No of Seedlings	Areas (Ha)
LPF0023	EP/AF	82,560	144.0
LPF0024	EP/AF	-	-
LPF0028	EP/AF	-	-
		82,560	144.0



We are committed to managing the Forest Plantation sustainably in accordance with the Malaysian Certification Standard (MC&I SFM). Although the division is not expected to contribute to earnings in the short term given that the planted forest has a gestation period of 12 to 15 years before it can be ready for commercial harvesting, we look beyond reaping merely the economic values and continue to strive on promoting sustainable utilisation of forest sources, improving forest management

practices and maintaining our Licences for Planted Forest (LPF) for long term business plan. Bolstered by this long term plan and the significance of the timber industry towards the country's economy, the Group remains cautiously optimistic on the revival of the wood-based manufacturing segment in the future if our Forest Plantation could provide us a solution to the depleting natural log supply issue.

ANTICIPATED OR KNOWN RISK

The main factors determining the rate of global recovery in the near term remain very much pandemic-related in terms of the pace of vaccinations, containment of variants of concern and readiness to operate in the endemic environment as well as the US-China trade war that had led to a general reduction in world trade and increased global uncertainty similarly affecting Malaysia as we see a depressing domestic economic activity in the country.

Shortage of foreign workers remains an inherent risk to the oil palm plantation division especially in getting skilled harvesters and also in the reforestation division, field workers to plant in the tough terrain if borders continue to be sealed impeding recruitment of foreign workers. Even when the restriction on workers' intake has been eased, the Group faces the risk of missing estimates for yields to rebound in the second half of the year, which were made due to the annual seasonal high cycle that typically begins in July resulting from an exacerbated shortage of workers caused by the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

Uncertainty in the country's political stability and the government's ability to manage the outbreak and changes in the government policies on export quotas for timber logs, minimum wages, foreign workers recruitment, foreign workers levy, foreign workers insurance and others could also pose further downside risks on the Group's growth.

FORWARD LOOKING

The Group is mindful that the pandemic has profoundly changed many aspects globally with economic uncertainties and volatile market conditions likely to prevail into the new financial year, bringing its share of challenges although there are expectations of global market recovery. At the time of writing, the Malaysian Government has indicated a downward revision to its GDP growth from 6% to 3% to 4% which reflects the toil on the domestic economy caused by the lockdown measures.

Going forward, the Group will continue with aggressive cost containment measures and explore more innovative and sustainable approaches in its operations to drive greater cost efficiency and productivity, and remains optimistic for a favourable financial performance in the year ahead.

DATO' JIN KEE MOU

Chief Executive Officer

