

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

The Directors is pleased to announce the unaudited consolidated results for the first quarter ended 31 March 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	UNAUDITED FIRST QUARTER	
		CURRENT YEAR 31.03.16 RM'000	PRECEDING YEAR 31.03.15 RM'000
Revenue	24 (a)	89,518	82,304
Cost of sales		(72,197)	(65,416)
Depreciation and amortisation		(17,935)	(16,012)
Gross (loss)/profit		(614)	876
Other income		1,071	11,977
Administrative expenses		(3,680)	(2,928)
Other expenses	7	(8,227)	(527)
Depreciation		(268)	(384)
Zakat expense		(104)	(129)
Profit/ (loss) from operations		(11,822)	8,885
Finance costs	8	(3,846)	(8,565)
Profit/ (Loss) before tax	24 (b)	(15,668)	320
Tax expense	28	6,220	4,771
Profit/ (Loss) for the period		(9,448)	5,091
Other comprehensive income/ (expense), net of tax			
Item that are or may be reclassified subsequently to profit and loss, net of tax			
Foreign currency translation differences for foreign operations		330	(35)
Other comprehensive income/ (expense), net of tax		330	(35)
Total comprehensive income/ (expense) for the period		(9,118)	5,056
Profit/ (Loss) attributable to:			
Owners of the Company		(7,148)	6,579
Non-Controlling Interests		(2,300)	(1,488)
Profit/ (Loss)for the period		(9,448)	5,091
Total comprehensive income/ (expense) attributable to:			
Owners of the Company		(6,841)	6,541
Non-Controlling Interests		(2,277)	(1,485)
Total comprehensive income/ (expense), net of tax		(9,118)	5,056
Earnings per share (sen) :			
Basic earnings per share	37	(0.81)	0.74
Diluted earnings per share	37	(0.81)	0.74

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31.03.16 RM'000 (unaudited)	As at 31.12.15 RM'000 (audited)
Assets			
Property, plant & equipment	33	2,679,307	2,546,519
Plantation development expenditure	12	281,434	405,595
Forestry	13	144,964	145,905
Intangible assets	14	73,265	73,265
Other investment	15	1,825	1,825
Deferred tax assets		86,709	85,525
Total non-current assets		3,267,504	3,258,634
Inventories		19,725	25,661
Current tax assets		10,329	9,702
Other investment	15	4,409	4,127
Trade and other receivables		87,854	82,423
Prepayments and other assets		3,970	3,279
Cash and cash equivalents	16	170,987	75,590
Total current assets		297,274	200,782
Total assets		3,564,778	3,459,416
Equity			
Capital reserve		782,318	782,018
Retained earnings		480,268	487,416
Total equity attributable to equity holders of the Company		1,262,586	1,269,434
Non-controlling interests		352,162	354,439
Total equity		1,614,748	1,623,873
Liabilities			
Loans and borrowings	34	1,267,543	1,128,637
Deferred tax liabilities		341,751	348,012
Trade and other payables		13,192	13,037
Total non-current liabilities		1,622,486	1,489,686
Current liabilities			
Loan and borrowings	34	106,139	106,493
Trade and other payables		220,579	237,027
Current tax liabilities		826	2,337
Total current liabilities		327,544	345,857
Total liabilities		1,950,030	1,835,543
Total equity and liabilities		3,564,778	3,459,416
Net tangible assets per share (RM)		1.43	1.44

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	Attributable to equity holders of the Company									
	Non-distributable					Distributable				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Translation reserve RM'000	Share Option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total RM'000	Total RM'000
At 1 January 2015	441,925	420,827	(82,557)	(64)	2,275	427,528	1,209,934	403,771	1,613,705	
Foreign currency translation differences for foreign operations	-	-	-	(341)	-	-	(341)	(26)	(367)	
Fair value on forestry	-	-	-	-	-	(6,707)	(6,707)	1,426	(5,281)	
Deferred income	-	-	-	-	-	22,139	22,139	-	22,139	
Other comprehensive income for the year	-	-	-	(341)	-	15,432	15,091	1,400	16,491	
Profit for the year	-	-	-	-	-	62,133	62,133	(38,204)	23,929	
Total comprehensive income for the year	-	-	-	(341)	-	77,565	77,224	(36,804)	40,420	
Issuance of ordinary shares	-	-	-	-	-	-	-	1,000	1,000	
Adjustment on fair value of ESOS	-	-	-	-	(47)	-	(47)	-	(47)	
Dividends to owners of the Company	-	-	-	-	-	(17,677)	(17,677)	-	(17,677)	
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,493)	(4,493)	
Disposal of subsidiary	-	-	-	-	-	-	-	(9,035)	(9,035)	
At 31 December 2015	<u>441,925</u>	<u>420,827</u>	<u>(82,557)</u>	<u>(405)</u>	<u>2,228</u>	<u>487,416</u>	<u>1,269,434</u>	<u>354,439</u>	<u>1,623,873</u>	
At 1 January 2016	441,925	420,827	(82,557)	(405)	2,228	487,416	1,269,434	354,439	1,623,873	
Foreign currency translation differences for foreign operations	-	-	-	307	-	-	307	23	330	
Other comprehensive income for the year	-	-	-	307	-	(7,148)	(7,148)	(2,300)	(9,448)	
Profit for the period	-	-	-	307	-	(7,148)	(6,841)	(2,277)	(9,118)	
Total comprehensive income for the period	-	-	-	307	-	(7,148)	(6,841)	(2,277)	(9,118)	
Adjustment on fair value of ESOS	-	-	-	-	(7)	-	(7)	-	(7)	
At 31 March 2016 (unaudited)	<u>441,925</u>	<u>420,827</u>	<u>(82,557)</u>	<u>(98)</u>	<u>2,221</u>	<u>480,268</u>	<u>1,262,586</u>	<u>352,162</u>	<u>1,614,748</u>	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	Note	FOR THE FIRST QUARTER ENDED	
		31.03.16 RM'000 (unaudited)	31.03.15 RM'000 (unaudited)
Cash flows from operating activities			
(Loss)/Profit before tax		(15,668)	320
Adjustment for non-cash flow items		29,216	13,503
Operating profit before changes in working capital		<u>13,548</u>	<u>13,823</u>
Changes in working capital			
Net changes in working capital		(14,265)	(252,363)
Cash generated from/(used in) operations		<u>(717)</u>	<u>(238,540)</u>
Finance cost		(13,832)	(13,995)
Profit margin income from short term Islamic deposits and inter-company receivables		307	2,640
Tax paid		(5,333)	(6,083)
Tax refund		241	7,438
Net cash used in operating activities		<u>(19,334)</u>	<u>(248,540)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,799)	(3,244)
Decrease in deposits pledged		34	272
Plantation development expenditure		(17,781)	(32,634)
Forestry plantation		(2,114)	-
Dividend received		237	-
(Increase)/Decrease in other investment		(283)	408
Net cash used in investing activities		<u>(23,706)</u>	<u>(35,198)</u>
Cash flows from financing activities			
Repayment of loans and borrowings		(13,372)	(550)
Dividends paid to owners of the Company		(81)	(1)
Proceeds from drawdown of loans and borrowings		151,924	3,507
Net cash generated from financing activities		<u>138,471</u>	<u>2,956</u>
Net increase/ (decrease) in cash and cash equivalents		<u>95,431</u>	<u>(280,782)</u>
Cash and cash equivalents at beginning of the year		<u>75,556</u>	<u>362,339</u>
Cash and cash equivalents at end of the period		<u>170,987</u>	<u>81,557</u>
Cash and cash equivalents comprise:			
Deposits	16	74,619	71,768
Cash and bank balances	16	96,368	11,473
		<u>170,987</u>	<u>83,241</u>
Less :			
Deposits pledged		-	(1,684)
		<u>170,987</u>	<u>81,557</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

NOTES PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**1 Basis Of Preparation**

The interim financial statements have been prepared under the historical cost basis unless otherwise stated.

The interim financial statements have been prepared in accordance with the requirements of FRS 134: *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. The explanatory notes attached to the interim financial statements 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 year ended 31 December 2015.

2 Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2015 unless otherwise stated.

3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, certain judgements made by management in applying the Group's accounting policies and the key sources of estimation, were the same as those applied to the financial statements as at and for the year ended 31 December 2015.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed below :

(i) Depreciation of estate

The rate used to depreciate the estate is based on the general rule of the normal palm oil trees production trend.

(ii) Recoverable amount of plantation development expenditure ("PDE")

Management reviews its PDE for objective evidence of impairment at least quarterly. Significant delay in maturity is considered as an indication of impairment. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the performance of the PDE, or whether there have been significant changes with adverse effect in the market environment in which the PDE operates in.

(iii) Intangible assets-goodwill

Measurement of recoverable amounts of cash generating units is derived based on value in use of the cash generating unit.

(iv) Deferred income

Determination of the fair value of the loan were determined using the Group financing rate of 7.85% and the difference between the fair value and nominal value is treated as government grant.

(v) Forestry

The fair value of the assets is determined by management best estimate.

(vi) Contingencies

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

(vii) Deferred tax

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing our ability to utilise tax benefits through future earnings.

(viii) Inventories

Determination of the allocation cost of CPO and PK is based on the extraction rate of FFB.

(x) Valuation of land

Management estimates the fair value of land based on provisional Hak Guna Usaha ("HGU"). HGU is subject to changes by the Government of Indonesia.

4 Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the Group's statutory consolidated financial statements for the year ended 31 December 2015 in their report dated 29 February 2016.

5 Seasonal Or Cyclical Factors

The Group's plantation operations are affected by seasonal crop production and weather conditions.

6 Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity and net income except as disclosed in Note 7.

7 Other Expenses

Other expenses consist of the followings:

	RM'000
a) Change in fair value of forestry	4,938
b) Foreign exchange loss	2,767
c) Other expenses	522
Total	<u>8,227</u>

8 Finance cost

	First Quarter	
	Current Year RM'000	Preceding Year RM'000
Finance cost	<u>3,846</u>	<u>8,565</u>

The reduction in finance cost charged to income statement for current quarter was due to SUKUK rationalisation exercised carried out in May 2015 where total amount of SUKUK principal outstanding was restructured and reissued by SPV company (wholly owned subsidiary of the Company).

9 Changes In Estimated Amounts Reported In Prior Period Which Have Effect On The Current Period

There were no changes in estimated amounts reported in prior period.

10 Changes In Debt And Equity Securities

The Group:

i) Issued of RM60 million SUKUK Murabahah ("SUKUK") with maturity periods of 6 to 10 years from the date of issuance at effective profit margin rates of 5.71% to 6.10%

ii) Drawdown of RM80 million Commodity Mudharabah Facility at effective profit margin rates of 5.75%

Apart from the above, there were no other issuances, cancellations, repurchases, resale of debt and equity securities in the period.

11 Dividends

There were no dividends paid during the first quarter ended 31 March 2016.

12 Plantation development expenditure

	Note	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
At 1 January		405,595	749,784
Change in fair value recognised in other comprehensive income		-	(6,949)
Less: Transfer to forestry	13	<u>-</u>	<u>(107,105)</u>
		405,595	635,730
Additions during the year		26,842	128,594
Effect of movement in exchange rate		(2,780)	3,639
Less: Transfer to property, plant and equipment		<u>(148,223)</u>	<u>(362,368)</u>
		-	-
At 31 March/ December		<u>281,434</u>	<u>405,595</u>

During the year, two subsidiary companies have changed its business direction from rubber to forest plantation. Therefore, plantation development expenditure for rubber has been transferred to forestry.

13 Forestry

	Note	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
At 1 January		145,905	-
Transfer from plantation development expenditure	12	-	107,105
Additions during the year		2,636	19,298
Additions in nurseries		1,361	5,041
Change in fair value recognised profit and loss		(4,938)	14,461
At 31 March/ December		<u>144,964</u>	<u>145,905</u>

13.1 Fair value information

Fair value of forestry categorised as follows:

	31.03.2016		31.12.2015	
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Forestry	144,964	144,964	145,905	145,905

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
	<i>Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the forestry, taking into account expected projected latex yield, expected timber volume, latex sales price, timber sales price, upkeep and maintenance cost and harvesting cost. The expected net cash flows are discounted using risk-adjusted discount rates.</i>	<ul style="list-style-type: none"> • Expected projected latex yield (690kg/ha/yr -2000kg/ha/yr) • Expected timber volume (405m³/ha) • Latex price per kg (RM4 – RM 6) • Log price per m³ (RM144 – RM145) • Upkeep and Maintenance cost (RM1,731/ha) • Harvesting cost (RM2.35/kg) • Pre-tax discount rate (10%) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • Expected projected latex yield were higher (lower); • Expected timber volume were higher higher (lower); • Latex sales price higher (lower); • Log price higher (lower); • Upkeep, maintenance and harvesting cost were higher (lower); or • Discount rates were higher (lower).

14 Intangible assets

	As at 31.03.2016 RM'000	As at 30.12.2015 RM'000
Cost		
Balance at the beginning of year	73,265	73,265
Transfer from assets held for sale	-	-
Derecognition of goodwill	-	-
Balance at the end of year	<u>73,265</u>	<u>73,265</u>
Carrying amounts		
Balance at the beginning of year	<u>73,265</u>	<u>73,265</u>
Balance at the end of year	<u>73,265</u>	<u>73,265</u>

The recoverable amount of the cash-generating unit was based on value in use.

Value in use of the company was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 31 March 2016 was based on the following key assumptions:

- o Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for a further 25-year period were extrapolated using a constant growth rate of 3% (2015: 3%), which does not exceed the long term average growth rate of the industry. Management believes that this 30-year forecast period is appropriate as it represents one full cycle of the oil palm tree.
- o Price of Fresh Fruit Bunches ("FFB") was determined based on long term pricing of Crude Palm Oil (averaging at RM2,477) and Palm Kernel price (averaging at RM1,660). Oil extraction rate ("OER") (16%) and kernel extraction rate ("KER") (4%) were determined based on past years' trend.
- o A pre-tax discount rate of 12% was applied in determining the recoverable amount of the unit.

The values assigned to the key assumptions represent management's assessment of future trends in the oil palm industry and are based on external sources and internal sources (historical data).

15 Other investments

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Non-current		
Available-for-sale financial assets	1,920	1,920
Less: Impairment loss	(95)	(95)
	<u>1,825</u>	<u>1,825</u>
Deposits placed with licensed banks	-	-
	<u>1,825</u>	<u>1,825</u>
Current		
Deposits placed with licensed banks	4,409	4,127
At 31 March/December	<u>6,234</u>	<u>5,952</u>

16 Cash and cash equivalents

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Deposits placed with licensed bank	74,619	61,458
Cash and bank balances	96,368	14,132
	<u>170,987</u>	<u>75,590</u>

17 Operating segments

The Group has three reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Chief Executive Officer reviews internal management reports on quarterly basis.

	Oil Palm Plantation RM'000	Forestry RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
RESULTS FOR 3 MONTHS ENDED 31 MARCH 2016					
External operating revenue	89,505	-	13	-	89,518
Inter-segment revenue	11,401	-	3,645	(15,046)	-
Total operating revenue	100,906	-	3,658	(15,046)	89,518
Other income	22,502	-	-	(21,431)	1,071
	123,408	-	3,658	(36,477)	90,589
Operating expenses	(88,572)	-	(7,942)	6,382	(90,132)
Segment results	34,836	-	(4,284)	(30,095)	457
Other expenses	(9,150)	(5,487)	(1,045)	3,403	(12,279)
Finance costs	(23,820)	-	-	19,974	(3,846)
Profit before tax	1,866	(5,487)	(5,329)	(6,718)	(15,668)
RESULTS FOR 3 MONTHS ENDED 31 MARCH 2015					
External operating revenue	82,304	-	-	-	82,304
Inter-segment revenue	11,601	-	3,579	(15,180)	-
Total operating revenue	93,905	-	3,579	(15,180)	82,304
Other income	25,176	9,025	-	(22,224)	11,977
	119,081	9,025	3,579	(37,404)	94,281
Operating expenses	(81,622)	-	(6,109)	6,303	(81,428)
Segment results	37,459	9,025	(2,530)	(31,101)	12,853
Other expenses	(5,799)	(61)	(1,131)	3,023	(3,968)
Finance costs	(25,987)	-	-	17,422	(8,565)
Profit before tax	5,673	8,964	(3,661)	(10,656)	320
ASSETS AND LIABILITIES AS AT 31 MARCH 2016					
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets that belong to the Group	5,556,524	183,739	16,540	(2,192,025)	3,564,778
Total assets	5,556,524	183,739	16,540	(2,192,025)	3,564,778
Liabilities that belong to the Group	3,105,472	135,277	37,548	(1,328,267)	1,950,030
Total liabilities	3,105,472	135,277	37,548	(1,328,267)	1,950,030
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2015					
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets that belong to the Group	5,409,964	179,359	16,241	(2,146,148)	3,459,416
Total assets	5,409,964	179,359	16,241	(2,146,148)	3,459,416
Liabilities that belong to the Group	2,938,431	126,594	31,906	(1,261,388)	1,835,543
Total liabilities	2,938,431	126,594	31,906	(1,261,388)	1,835,543

18 Valuation Of Property, Plant And Equipment

There was no valuation of the property, plant and equipment in the current quarter under review except as disclosed in Note 13.

19 Material Event Subsequent To The Balance Sheet Date

There were no material events which occurred subsequent to the balance sheet date of this announcement.

20 Changes In The Composition Of The Group

There were no changes in the composition of the Group for the current quarter under review.

21 Contingent Liabilities

The Directors are of the opinion that the Group has no contingent liabilities which may have a material impact on the financial position and business of the Group as at 23 May 2016.

22 Capital And Other Commitments Outstanding Not Provided For In The Interim Financial Report

	As at 31.03.2016
	RM'000
Approved and contracted for	9,082
Approved but not contracted for	200,703
	<hr/> 209,785 <hr/>

23 Material Related Party Transactions

**For the first
quarter ended
31.03.2016**

Transactions with THP

Transacting Parties	Relationship	Nature of transactions	RM'000
Lembaga Tabung Haji	Holding Corporation	Lease of land	665
Lembaga Tabung Haji	Holding Corporation	Rental of office	483

Transactions with THP Group

Syarikat Takaful Malaysia	Related Company	Insurance premium	1,289
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	247
Deru Semangat Sdn Bhd	Related Company	Management fees	13

24 Review Of Performance

(a) Revenue

For the first quarter ended 31 March 2016, the Group's revenue stood at RM89.52 million (1Q15: RM82.30 million), a 9% increase compared to the corresponding period last year. This increase is mainly attributed to higher average realised prices of CPO, PK and FFB.

		First quarter		Variance	%
		2016	2015		
Sales Volume					
Crude palm oil	(Metric tonnes)	29,698	29,914	(216)	(0.72)
Palm kernel	(Metric tonnes)	6,805	7,121	(316)	(4.44)
FFB	(Metric tonnes)	21,372	12,615	8,757	69.42

		First quarter		Variance	%
		2016	2015		
Average realised prices					
Crude palm oil	(RM/tonne)	2,235	2,162	73	3.38
Palm kernel	(RM/tonne)	1,888	1,772	116	6.55
FFB	(RM/tonne)	470	398	72	18.09

(b) Profit before tax

The Group recorded Loss Before Tax of RM15.67 million for the the first quarter ended 2016, a swing of RM15.98 million compared to the corresponding period last year (1Q15: RM0.32 million), mainly attributed to significantly lower gross profit and higher other expenses.

25 Material Changes In The Quarterly Results Compared To The Preceding Quarter

The comparison of the Group revenue and profit before taxation for the current and preceding quarter is as follows:

		2016	2015	Variance	%
		Quarter 1	Quarter 4		
Sales Volume					
Crude palm oil	(Metric tonnes)	29,698	51,063	(21,365)	(41.84)
Palm kernel	(Metric tonnes)	6,805	11,969	(5,164)	(43.14)
FFB	(Metric tonnes)	21,372	10,485	10,887	103.83

		2016	2015	Variance	%
		Quarter 1	Quarter 4		
Average realised prices					
Crude palm oil	(RM/tonne)	2,235	2,070	165	7.97
Palm kernel	(RM/tonne)	1,888	1,611	277	17.19
FFB	(RM/tonne)	470	412	58	14.08

	2016	2015	Variance	%
	Quarter 1	Quarter 4		
	RM'000	RM'000	RM'000	%
Revenue	89,518	129,328	(39,810)	(30.78)
Loss before tax	(15,668)	(5,817)	(9,851)	(169.35)

Despite higher average realised prices, revenue for the first quarter ended 31 March 2016 was lower by 31%, mainly attributed to the lower sales volumes of CPO and PK. As a result, loss before tax widened to RM15.67 million compared to a loss of RM5.82 million in the preceding quarter.

26 Current Year Prospects**(a) Commentary on Prospects**

The palm oil sector continues to face significant challenges in 2016. The El Nino phenomenon has caused significantly lower crop production among industry players, including the Group. The impact of lower production is expected to outweigh the effect of stronger CPO prices, thus negatively impacting the operational and financial performance of industry players. Amidst these challenges, the Group remains steadfast in carrying out comprehensive austerity measures and enhancing its productivity and efficiency throughout its operations. In addition, the Group is also in the process of exploring a number of options to safeguard its financial position. The Board is of the view that the long-term fundamentals of the palm oil sector remain attractive despite the near term headwinds. As such, the Group remains focused in carrying out its long-term development and consolidation plans to harness the potential of the sector in the longer term.

(b) Projection of Targets Previously Announced

On 12 April 2016, the Group announced its 2016 targets which were to achieve 3.33% return on equity ("ROE"), 20.32 mt/ha FFB yield per matured hectare and to distribute approximately 50% of profit attributable to owners of THP Group as dividend.

i) As at 31 March 2016, the Group achieved an annualised ROE of -1.98%.

ii) As at 31 March 2016, the Group achieved an FFB yield of 2.93mt/ha. The Group is hopeful for an improvement in weather conditions and production patterns particularly in the second half of the year.

iii) The distribution of dividends from PATAMI will be done after the finalisation of the Group's audited financial statements for financial year 2016.

27 Variance Of Actual Profit From Forecast Profit

The Group did not issue any profit forecast for the current quarter.

28 Taxation

	First Quarter	
	Current Year RM'000	Preceding Year RM'000
Current	1,226	1,828
Deferred	(7,446)	(6,599)
	<u>(6,220)</u>	<u>(4,771)</u>

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the quarter.

The effective tax rate of the Group for the quarter under review is lower than its statutory rate as a result of higher deferred tax recognised.

29 Realised and Unrealised Profits

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
	Realised	697,479
Unrealised	35,793	44,952
	<u>733,272</u>	<u>746,458</u>
Less: Consolidation adjustments	(253,004)	(259,042)
Total Group retained earnings as per consolidated interim financial statements	<u>480,268</u>	<u>487,416</u>

The unrealised portion of retained earnings comprise mainly of deferred tax expense.

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

30 Unquoted Investments And/Or Properties

There were no purchases or disposals of unquoted investments for the current quarter under review.

31 Quoted Investments

There were no purchases of quoted investments for the current quarter under review.

32 Status Of Corporate Proposals

There are no other corporate proposals announced for the current quarter under review.

33 Property, Plant and Equipment ("PPE")

As at 31 March 2016, 3,788 hectares of oil palm estates have reached maturity and reclassified as PPE.

34 Group Borrowings

As at 31 March 2016, total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Loans and borrowings		
Non current		
Secured:		
Flexi Term Financing-i	42,215	43,715
Ijarah Term Financing-i Facility	7,754	7,768
Commodity Mudharabah Facility	80,000	-
Unsecured:		
SUKUK Murabahah Medium Term Notes	1,120,000	1,060,000
Term loan - Forest Plantation Development	17,574	17,154
	<u>1,267,543</u>	<u>1,128,637</u>
Current		
Secured:		
Flexi Term Financing-i	9,000	9,000
SUKUK Murabahah Medium Term Notes	80,000	80,000
Ijarah Term Financing-i Facility	12,000	12,000
Unsecured:		
Islamic Trade Financing-i	5,139	5,493
	<u>1,373,682</u>	<u>1,235,130</u>

Maturity analysis

Tenure	Year of maturity	Profit margin %	Amount RM'000
Below 1 year	2016	4.97-6.5	106,139
1-2 years	2017	4.67-6.5	95,554
2-3 years	2018	4.55-6.60	73,400
3-4 years	2019	5.35-5.44	89,415
4-5 years	2020	5.44	82,867
5-6 years	2021	5.56	83,000
6-7 years	2022	5.56	108,000
7-8 years	2023	5.8	113,800
8-9 years	2024	5.93	119,867
9-10 years	2025	5.93-6.16	130,533
10-11 years	2026	6.14-6.21	153,533
11-12 years	2027	6.65	200,000
12-13 years	2028	-	-
13-14 years	2029	3*	17,574
			<u>1,373,682</u>

* Soft loan granted by Forest Plantation Development

35 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

36 Material Litigation

The Kuching High Court Suit No. 22-249-98-III(I) (The Court of Appeal Civil Appeal No. Q-01-136-03/2012 and Civil Appeal No. Q-01-137-03/2012).

The Federal Court has not fixed the date of hearing for the Application for Leave to Appeal by the Company.

37 Earnings Per Share

		UNAUDITED FIRST QUARTER	
		Current Year	Preceding Year
(i)	<i>Basic earnings per share</i>		
	Profit attributable to shareholders	RM'000	<u>(7,148)</u> <u>6,579</u>
	Weighted average number of ordinary shares in issue	'000	<u>883,851</u> <u>883,140</u>
	Basic earnings per share	sen	<u>(0.81)</u> <u>0.74</u>
(ii)	<i>Diluted earnings per share</i>		
	Profit attributable to shareholders	RM'000	<u>(7,148)</u> <u>6,579</u>
	Weighted average number of ordinary shares in issue	'000	<u>883,851</u> <u>883,140</u>
	Effect of dilution (ESOS outstanding)	'000	<u>-</u> <u>816</u>
	Adjusted weighted average number of ordinary shares in issue	'000	<u>883,851</u> <u>883,956</u>
	Diluted earnings per share	sen	<u>(0.81)</u> <u>0.74</u>

38 Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 23 May 2016.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
23 May 2016