

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

The Directors have pleasure in announcing the unaudited consolidated results for the second quarter ended 30 June 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		UNAUDITED				
		SECOND QUARTER		CUMULATIVE QUARTER		
		CURRENT	PRECEDING	CURRENT	PRECEDING	
		YEAR	YEAR	YEAR	YEAR	
		30.06.13	30.06.12	30.06.13	30.06.12	
Note		RM'000	RM'000	RM'000	RM'000	
	Revenue	18	95,805	99,352	185,258	194,398
	Cost of sales		(59,749)	(58,836)	(116,996)	(115,485)
	Depreciation and amortisation	18	(17,062)	(8,883)	(34,259)	(17,645)
	Gross profit		<u>18,994</u>	<u>31,633</u>	<u>34,003</u>	<u>61,268</u>
	Other income		1,220	1,654	2,012	3,043
	Administrative expenses		(4,987)	(3,983)	(9,564)	(6,742)
	Other expenses		(1,750)	(2,268)	(2,998)	(2,659)
	Depreciation	18	(299)	(282)	(596)	(527)
	Zakat expense		-	(51)	-	(762)
	Profit from operations		<u>13,178</u>	<u>26,703</u>	<u>22,857</u>	<u>53,621</u>
	Finance costs	18	(5,748)	(1,950)	(10,378)	(3,764)
	Profit before tax		<u>7,430</u>	<u>24,753</u>	<u>12,479</u>	<u>49,857</u>
	Tax expense	22	3,037	(1,531)	4,237	(10,889)
	Profit after tax /Total comprehensive income for the quarter		<u><u>10,467</u></u>	<u><u>23,222</u></u>	<u><u>16,716</u></u>	<u><u>38,968</u></u>
	Attributable to:					
	Owners of the Company		7,104	19,886	10,313	32,952
	Non-Controlling Interests		3,363	3,336	6,403	6,016
	Profit/ Total comprehensive income for the quarter		<u><u>10,467</u></u>	<u><u>23,222</u></u>	<u><u>16,716</u></u>	<u><u>38,968</u></u>
	Earnings per share (sen) :					
	Basic earnings per share	31	0.81	3.84	1.18	6.37
	Diluted earnings per share	31	0.79	3.68	1.15	6.09

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.06.13 RM'000 (unaudited)	As at 31.12.12 RM'000 (audited)
Assets			
Property, plant & equipment		2,004,237	1,673,475
Plantation development expenditure		719,748	558,442
Intangible assets	10	73,416	14,006
Other investment		599	599
Total non-current assets		2,798,000	2,246,522
Inventories		37,082	41,733
Trade and other receivables		97,111	107,256
Prepayments and other assets		3,929	6,242
Cash and cash equivalents		171,606	125,217
Total current assets		309,728	280,448
Total assets		3,107,728	2,526,970
Equity			
Capital reserve		774,103	770,144
Retained earnings		351,951	348,942
Total equity attributable to equity holders of the Company		1,126,054	1,119,086
Non-controlling interests		400,302	393,899
Total equity		1,526,356	1,512,985
Liabilities			
Deferred tax liabilities		324,345	278,366
Loans and borrowings	27	926,681	470,562
Trade and other payables		10,493	11,349
Total non-current liabilities		1,261,519	760,277
Current liabilities			
Trade and other payables		308,215	230,340
Loan and borrowings	27	10,000	20,000
Current tax liabilities		1,638	3,368
Total current liabilities		319,853	253,708
Total liabilities		1,581,372	1,013,985
Total equity and liabilities		3,107,728	2,526,970
Net tangible assets per share (RM)		1.28	1.54

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2013

	Attributable to equity holders of the Company						Total RM'000		
	Non-distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Share Option reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling Interests RM'000	Total RM'000
At 1 January 2012	254,548	39,925	26,245	5,149	325,867	298,149	624,016	194,631	818,647
Profit/ Total comprehensive income for the year	-	-	-	-	-	156,554	156,554	10,982	167,536
Issuance of ordinary shares pursuant to ESOS	5,013	13,258	-	(1,988)	16,283	-	16,283	-	16,283
Issuance of new ordinary shares issued on acquisition of subsidiaries	104,617	431,023	-	-	535,640	-	535,640	-	535,640
Acquisition of subsidiaries	-	-	-	-	-	-	-	192,677	192,677
Adjustments on premium of shares issued on acquisition of subsidiaries	-	-	(108,802)	-	(108,802)	-	(108,802)	-	(108,802)
Share option granted under ESOS	-	-	-	1,156	1,156	-	1,156	-	1,156
Dividends to shareholders of the Company	-	-	-	-	-	(105,761)	(105,761)	-	(105,761)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,391)	(4,391)
At 31 December 2012 (audited)	364,178	484,206	(82,557)	4,317	770,144	348,942	1,119,086	393,899	1,512,985
At 1 January 2013	364,178	484,206	(82,557)	4,317	770,144	348,942	1,119,086	393,899	1,512,985
Total comprehensive income for the period	-	-	-	-	-	10,313	10,313	6,403	16,716
Adjustment on fair value of ESOS after bonus issue	-	-	-	(372)	(372)	-	(372)	-	(372)
Issuance of ordinary shares pursuant to ESOS	1,394	3,485	-	(548)	4,331	-	4,331	-	4,331
Issuance of ordinary shares-Bonus issue	73,088	(73,088)	-	-	-	-	-	-	-
Dividends to shareholders of the Company	-	-	-	-	-	(7,304)	(7,304)	-	(7,304)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-
At 30 June 2013 (unaudited)	438,660	414,603	(82,557)	3,397	774,103	351,951	1,126,054	400,302	1,526,356

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

	FOR THE SECOND QUARTER ENDED	
	30.06.13 RM'000 (unaudited)	30.06.12 RM'000 (unaudited)
Cash flows from operating activities		
Profit before tax	12,479	49,857
Adjustment for non-cash flow items	43,380	22,453
Operating profit before changes in working capital	<u>55,859</u>	<u>72,310</u>
Changes in working capital		
Net changes in working capital	66,334	(116,587)
Cash generated from/ (used in) operations	<u>122,193</u>	<u>(44,277)</u>
Borrowing cost paid	(13,059)	(7,023)
Profit margin income from short term Islamic deposits and inter-company receivables	929	1,419
Tax paid	(16,641)	(32,355)
Tax refund	1,772	-
Net cash generated from / (used in) operating activities	<u>95,194</u>	<u>(82,236)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(73,372)	(20,019)
Net cash acquired arising from acquisition of subsidiaries**	(264,137)	-
Decrease in deposits pledged	1,403	486
Plantation development expenditure	(77,162)	(35,698)
Net cash used in investing activities	<u>(413,268)</u>	<u>(55,231)</u>
Cash flows from financing activities		
Repayment of loans and borrowings	(61,765)	-
Dividends paid to shareholders of the Company	(33,402)	(79,595)
Proceeds from issuance of Murabahah Medium Term Notes	-	50,000
Proceeds from issuance of SUKUK Murabahah	430,000	-
Proceeds from loan drawdown	26,154	-
Proceeds from Commodity Murabahah Term Financing	-	65,150
Proceeds from issuance of new shares pursuant to ESOS	4,879	13,463
Net cash generated from financing activities	<u>365,866</u>	<u>49,018</u>
Net increase / (decrease) in cash and cash equivalents	<u>47,792</u>	<u>(88,449)</u>
Cash and cash equivalents at beginning of the year	<u>123,764</u>	<u>166,488</u>
Cash and cash equivalents at end of the quarter	<u>171,556</u>	<u>78,039</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	142,970	61,270
Cash and bank balances	28,636	16,988
	<u>171,606</u>	<u>78,258</u>
Less :		
Deposits pledged	(50)	(219)
	<u>171,556</u>	<u>78,039</u>
**Note:		RM'000
Net cash acquired arising from acquisition of subsidiary-Bumi Suria Ventures Sdn Bhd ("BSV") Note 14 (a)		221,689
Net cash acquired arising from acquisition of subsidiary-Maju Warisanmas Sdn Bhd ("MWM") Note 14 (b)		42,448
		<u>264,137</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 convention.

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 2012. 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 2012.

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 2012.

3 Estimates

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

In preparing these condensed consolidated interim financial statements, significant 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 2012.

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 2012 in their report dated 27 February 2013.

5 Seasonal Or Cyclical Factors

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

6 Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity and net income.

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

There were no estimated amounts reported in prior period.

8 Changes In Debt And Equity Securities

The company issued:

(i) RM430 million SUKUK Murabahah ("SUKUK") with maturity periods ranging from 6 to 10 years from the date of issuance at effective profit margin rates ranging from 5.39% to 6.11%.

(ii) 2,787,000 new ordinary shares of RM0.50 each being shares exercised by eligible employees pursuant to THP Employee Share Option Scheme ("ESOS") as follows:

Exercise price per share (RM)	1.52	1.74	2.09
No. of shares issued ('000)	2,152	580	55

(iii) 146,176,995 new ordinary shares of RM0.50 on the basis of one bonus share for every five existing THP shares held in THP.

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

9 Dividends

During the second quarter ended 30 June 2013, the Company declared and paid a final dividend of 1.00 sen per ordinary share in respect of financial year ended 31 December 2012 as approved by shareholders at the Company's AGM on 20 May 2013 amounting to RM7.30 million.

10 Intangible assets

	As at 30.06.2013	As at 31.12.2012
	RM'000	RM'000
Cost		
Balance at the beginning of period/year	14,006	-
Acquisition through business combinations (see note 14)	59,410	14,006
Balance at the end of period/year	<u>73,416</u>	<u>14,006</u>
Carrying amounts		
Balance at the beginning of period/year	<u>14,006</u>	<u>-</u>
Balance at the end of period/year	<u>73,416</u>	<u>14,006</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 30 June 2013 was based on the following key assumptions:

- o Cash flows was projected based on past experiences, actual operating results and the 25 year business plan. Management believes that this 25-year forecast period was justified due to the long-term nature of the oil palm plantation.
- o A pre-tax discount rate of 10% was applied in determining the recoverable amount of the units. The discount rate was estimated based on an industry average weighted cost of capital.

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

11 Operating segments

The Group has two 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.

	Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
RESULTS FOR 3 MONTHS ENDED 30 JUNE 2013				
External operating revenue	92,199	3,606	-	95,805
Inter-segment revenue	14,967	4,348	(19,315)	-
Total operating revenue	107,166	7,954	(19,315)	95,805
Other income	21,582	6	(20,368)	1,220
	128,748	7,960	(39,683)	97,025
Operating expenses	(73,480)	(6,486)	3,155	(76,811)
Segment results	55,268	1,474	(36,528)	20,214
Other expenses	(5,324)	(1,257)	(454)	(7,035)
Finance costs	(19,956)	-	14,207	(5,749)
Profit before tax	<u>29,988</u>	<u>217</u>	<u>(22,775)</u>	<u>7,430</u>

**RESULTS FOR 3 MONTHS
ENDED 30 JUNE 2012**

External operating revenue	93,424	5,928	-	99,352
Inter-segment revenue	3,995	3,216	(7,211)	-
Total operating revenue	97,419	9,144	(7,211)	99,352
Other income	10,726	-	(9,072)	1,654
	108,145	9,144	(16,283)	101,006
Operating expenses	(63,340)	(6,264)	1,885	(67,719)
Segment results	44,805	2,880	(14,398)	33,287
Other expenses	(7,369)	(1,364)	2,149	(6,584)
Finance costs	(7,373)	-	5,423	(1,950)
Profit before tax	30,063	1,516	(6,826)	24,753

**RESULTS UP TO SECOND QUARTER
ENDED 30 JUNE 2013**

	Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
External operating revenue	180,565	7,316	(2,623)	185,258
Inter-segment revenue	27,830	8,686	(36,516)	-
Total operating revenue	208,395	16,002	(39,139)	185,258
Other income	39,511	7	(37,506)	2,012
	247,906	16,009	(76,645)	187,270
Operating expenses	(154,749)	(11,835)	15,329	(151,255)
Segment results	93,157	4,174	(61,316)	36,015
Other expenses	(17,696)	(2,653)	7,191	(13,158)
Finance costs	(32,327)	-	21,949	(10,378)
Profit before tax	43,134	1,521	(32,176)	12,479

**RESULTS UP TO SECOND QUARTER
ENDED 30 JUNE 2012**

External operating revenue	183,447	10,951	-	194,398
Inter-segment revenue	6,789	6,230	(13,019)	-
Total operating revenue	190,236	17,181	(13,019)	194,398
Other income	20,458	1	(17,416)	3,043
	210,694	17,182	(30,435)	197,441
Operating expenses	(123,238)	(12,487)	2,595	(133,130)
Segment results	87,456	4,695	(27,840)	64,311
Other expenses	(12,077)	(2,827)	4,214	(10,690)
Finance costs	(13,986)	-	10,222	(3,764)
Profit before tax	61,393	1,868	(13,404)	49,857

**ASSETS AND LIABILITIES
AS AT 30 JUNE 2013**

	Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
Assets that belong to the Group	4,360,778	16,567	(1,269,617)	3,107,728
Total assets	4,360,778	16,567	(1,269,617)	3,107,728
Liabilities that belong to the Group	2,182,249	9,254	(610,131)	1,581,372
Total liabilities	2,182,249	9,254	(610,131)	1,581,372

**ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2012**

Assets that belong to the Group	3,623,363	13,986	(1,110,379)	2,526,970
Total assets	3,623,363	13,986	(1,110,379)	2,526,970
Liabilities that belong to the Group	1,484,419	6,790	(477,224)	1,013,985
Total liabilities	1,484,419	6,790	(477,224)	1,013,985

12 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 the Note 14.

13 Material Event Subsequent To The Balance Sheet Date

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

14 Changes In The Composition Of The Group

- (a) On 27 February 2013 the Company completed its acquisition of 100% equity interest in BSV for an indicative cash consideration of RM212,504,000. BSV is principally involved in oil palm cultivations.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	As at 27.2.2013 RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	190,484
Plantation development expenditure	166,122
Inventories	838
Trade and other receivables	1,206
Cash and bank balances	10
Trade and other payables	(55,701)
Loan and borrowings	(51,765)
Deferred tax liability	(57,284)
Total identifiable net assets	<u>193,910</u>
	As at 27.2.2013 RM'000
Net cash arising from acquisition of subsidiary	
Final adjusted purchase consideration settled in cash and cash equivalents ^{^^}	221,699
Cash and bank balances acquired	(10)
Net cash outflow	<u>221,689</u>
	As at 27.2.2013 RM'000
Intangible assets	
Intangible assets was recognised as a result of the acquisition as follows:	
Total consideration transferred	221,699
Fair value of identifiable net assets	(193,910)
Intangible assets	<u>* 27,789</u>

* Note:

Upon completion of the acquisition, certain matured areas has been reclassified as immature to be consistent with Group's policy. Therefore, intangible asset has been adjusted accordingly to reflect this.

Acquisition related costs

The Group incurred acquisition related costs of RM1,847,000 relating to legal fees and due diligence costs. The legal fees and due diligence costs have been included in other expenses in the statement of comprehensive income.

- (b) On 27 February 2013 the Company had completed its acquisition of 100% equity interest in MWM for an indicative cash consideration of RM42,081,000. MWM is principally engaged in the letting of investment property.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	As at 27.2.2013 RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	13,775
Trade and other receivables	430
Cash and bank balances	46
Trade and other payables	(66)
Deferred tax liability	(3,312)
Total identifiable net assets	<u>10,873</u>
	As at 27.2.2013 RM'000
Net cash arising from acquisition of subsidiary	
Final adjusted purchase consideration settled in cash and cash equivalents ^{^^}	42,494
Cash and bank balances acquired	(46)
Net cash outflow	<u>42,448</u>
	As at 27.2.2013 RM'000
Intangible assets	
Intangible assets was recognised as a result of the acquisition as follows:	
Total consideration transferred	42,494
Fair value of identifiable net assets	(10,873)
Intangible assets	<u>31,621</u>

Note:

- ^{^^} Final adjusted purchase consideration was based on adjusted net assets as at 31 January 2013 plus additional plantation development expenditures incurred between 1 June 2012 to 31 January 2013 for non-matured plantations.

Acquisition related costs

The Group incurred acquisition related costs of RM135,000 relating to legal fees and due diligence costs. The legal fees and due diligence costs have been included in other expenses in the statement of comprehensive income.

15 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 19 August 2013.

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

	As at 30.06.2013
	RM'000
Approved and contracted for	41,915
Approved but not contracted for	366,214
	<u>408,129</u>

17 Material Related Party Transactions

**For the second
quarter ended
30.06.2013**

Transactions with THP

Transacting Parties	Relationship	Nature of transactions	RM'000
Lembaga Tabung Haji	Holding Corporation	Lease of land	1,210
Lembaga Tabung Haji	Holding Corporation	Rental of office	966

Transactions with THP Agro Management Sdn Bhd (wholly owned subsidiary of THP)

Transacting Parties	Relationship	Nature of transactions	RM'000
PT. TH Indo Plantations	Related Company	Provision of management services	7,316

Transactions with THP Group

CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	4,721
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication service	483
Syarikat Takaful Malaysia	Related Company	Insurance premium	2,148
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	379

NOTES PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

18 Review Of Performance

(a) Revenue

(i) Current quarter

For the current quarter ended 30 June 2013, the Group recorded revenue of RM95.81 million, compared with RM99.35 million for the same quarter last year. The lower revenue was due to lower average commodity prices despite higher sales volume of CPO, PK and FFB.

		Current quarter			
		2013	2012	Variance	%
Sales Volume					
Crude palm oil	(Metric tonnes)	33,841	22,703	11,138	49.06
Palm kernel	(Metric tonnes)	8,207	5,761	2,446	42.46
FFB	(Metric tonnes)	27,770	19,872	7,898	39.74

Average realised prices

		Current quarter			
		2013	2012	Variance	%
Crude palm oil	(RM/tonne)	2,151	3,134	(983)	(31.35)
Palm kernel	(RM/tonne)	1,194	1,907	(713)	(37.39)
FFB	(RM/tonne)	345	568	(223)	(39.26)

(ii) Quarter to date

The Group recorded revenue of RM185.26 for the second quarter ended 30 June 2013 compared to RM194.40 million reported in the preceding year, a decrease of RM9.14 million or 4.7% due to lower average commodity selling prices realised despite higher sales volume.

		Cumulative quarter			
		2013	2012	Variance	%
Sales Volume					
Crude palm oil	(Metric tonnes)	66,781	44,757	22,024	49.21
Palm kernel	(Metric tonnes)	16,436	12,737	3,699	29.04
FFB	(Metric tonnes)	55,347	34,855	20,492	58.79

Average realised prices

		Cumulative quarter			
		2013	2012	Variance	%
Crude palm oil	(RM/tonne)	2,094	3,106	(1,012)	(32.58)
Palm kernel	(RM/tonne)	1,154	1,923	(768)	(39.96)
FFB	(RM/tonne)	346	573	(227)	(39.58)

(b) Profit before tax

(i) Current quarter

The Group's profit before taxation for the current quarter is lower by 70% due to:

- (i) Lower revenue by RM3.5 million or 3.57%.
- (ii) Higher amortisation cost by RM8.18 million or 92.07 % of which RM5.9 million arising from the amortisation of fair value of the nets assets acquired arising from acquisition.
- (iii) Higher finance cost by RM3.80 million or 194.77% due to additional issuance of SUKUK Murabahah amounting to RM430 million.

(ii) Quarter to date

Profit before tax for the second quarter ended 30 June 2013 was RM12.48 million, a decrease of 74.97% as compared to profit before tax of RM49.86 million up to the same quarter last year mainly due:

- (i) Revenue was lower due to lower average commodity prices, despite higher sales volume.
- (ii) Higher amortisation cost by RM14.71 million of which RM11.77 million arising from the amortisation of fair value of the nets assets acquired arising from acquisition of subsidiaries.
- (iii) Higher administration cost was due to professional, processing fees and other incidental expenses incurred in relation to acquisitions of subsidiaries amounting to RM1.52 million and legal fees amounting to RM0.7 million
- (iv) Higher finance cost due to additional issuance of SUKUK Murabahah amounting to RM430 million of which RM336.11 million was related to acquisition of new subsidiaries.

Despite lower cost of production per MT of FFB (by 31%), total production cost in absolute terms charged to income statement is higher due to higher production volume.

19 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:

		2013	2013	Variance	%
		Quarter2	Quarter1		
Sales Volume					
Crude palm oil	<i>(Metric tonnes)</i>	33,841	32,940	901	2.74
Palm kernel	<i>(Metric tonnes)</i>	8,207	8,229	(22)	(0.27)
FFB	<i>(Metric tonnes)</i>	27,770	27,577	193	0.70

		2013	2013	Variance	%
		Quarter2	Quarter1		
Average realised prices					
Crude palm oil	<i>(RM/tonne)</i>	2,151	2,035	116	5.72
Palm kernel	<i>(RM/tonne)</i>	1,194	1,115	79	7.09
FFB	<i>(RM/tonne)</i>	345	346	(1)	(0.29)

	2013	2013	Variance	%
	Quarter2	Quarter1		
	RM'000	RM'000	RM'000	%
Revenue	95,805	89,453	6,352	7.1
Profit before tax	7,430	5,049	2,381	47.2

Revenue was higher by 7.1% mainly due to higher sales volume for CPO and FFB as compared to the preceding quarter. Profit before tax was higher as compared to the preceding quarter mainly due to higher revenue and higher gross profit margin by 3%.

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

Notwithstanding the volatility of commodity prices, the Group is cautiously optimistic in achieving its targeted yields and controlling its production cost.

(b) Projection of Targets Previously Announced

On 22 April 2013, the Group announced that its target was to achieve 6.5% return on equity ("ROE"), 20.50 mt/ha FFB yield per matured hectare and to distribute approximately 50% of Group's annual net profit after tax as dividend.

As at 30 June 2013, the Group had achieved 1.84 annualised ROE and the distribution of annual net profit after tax will be done after finalisation of audited financial statements for financial year 2013.

The Directors will endeavour to achieve its full year targeted yield per hectare despite the cyclical nature of plantations industry and unforeseen circumstances surrounding the remaining period of the year.

21 Variance Of Actual Profit From Forecast Profit

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

22 Taxation

	Second Quarter		Cumulative Quarter	
	Current Year RM'000	Preceding Year RM'000	Current Year RM'000	Preceding Year RM'000
Current	7,438	8,742	12,175	17,503
Deferred	(10,475)	(7,211)	(16,412)	(6,614)
	<u>(3,037)</u>	<u>1,531</u>	<u>(4,237)</u>	<u>10,889</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 to date under review is lower than its statutory rate as a result of higher deferred tax recognised arising from unabsorbed capital allowances and unutilised tax losses.

23 Realised and Unrealised Profits

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Realised	460,884	482,400
Unrealised	33,925	28,230
	<u>494,809</u>	<u>510,630</u>
Less: Consolidation adjustments	(142,858)	(161,688)
Total Group retained earnings as per consolidated interim financial statements	<u>351,951</u>	<u>348,942</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.

24 Unquoted Investments And/Or Properties

There were no purchases or disposals of unquoted investments for the current quarter under review other than as disclosed in Note 14.

25 Quoted Investments

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

26 Status Of Corporate Proposals

On 11 November 2011, the Company had entered into A Conditional Sale and Purchase of Shares Agreement with Indonesian shareholders namely Drs. H. Rajasa Abdurachman and Ir. Badai Sakti Daniel, to acquire 5,580,000 shares of Rp1,000 each held collectively by the sellers in the share capital of PT Persada Kencana Prima ("PKP"), representing 93% of the total issued and fully paid-up share capital of PKP, for a total purchase consideration ("PC") of Rp46,211,960,000. The RM equivalent of the total PC is RM16,822,701 based on the exchange rate as at 10 November 2011 of Rp2,747:RM1.00

The proposal has yet to be completed.

Save as disclosed above, there are no other corporate proposals announced but not completed as at end of the current period under review.

27 Group Borrowings

As at 30 June 2013, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Loans and borrowings		
Non current		
Secured:		
Flexi Term Financing-i	54,876	28,722
Ijarah Term Financing-i Facility	41,805	41,840
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	200,000	200,000
SUKUK Murabahah Medium Term Notes	630,000	200,000
	<u>926,681</u>	<u>470,562</u>
Current		
Secured:		
Ijarah Term Financing-i Facility	10,000	10,000
Tawarruq Flexi Term Financing-i	-	10,000
	<u>936,681</u>	<u>490,562</u>

Maturity analysis

Tenure	Year of maturity	Interest rate %	Amount Non Current RM'000
1-2 years	2014	4.85-6.41	11,650
2-3 years	2015	4.85-6.41	17,050
3-4 years	2016	4.85-6.41	101,000
4-5 years	2017	4.85-6.41	90,805
5-6 years	2018	4.85-6.10	67,000
6-7 years	2019	4.85-5.39	79,176
7-8 years	2020	5.51	75,000
8-9 years	2021	5.62	75,000
9-10 years	2022	5.75	75,000
10-11 years	2023	5.88	75,000
11-12 years	2024	6.11	60,000
12-13 years	2025	-	-
13-14 years	2026	-	-
14-15 years	2027	6.6	200,000
			<u>926,681</u>

28 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.

29 Material Litigation

- (a) **The Kuching High Court Suit No. 21-2-2010-II ('Ngawai Case');**
The Sri Aman High Court Suit No. SA-22-1-2011-I ('Agnes Case'); and
The Sri Aman High Court Suit No. SRA-21-1/3-2012 ('Antas Case')

The Company's solicitors have been served with a copy of the Amended Writ of Summons and the Amended Statement of Claim dated 25 June 2013.

In the Amended Writ, the Plaintiffs pleaded that pursuant to an order described as The Native Communal (Agricultural) Reserve (No.13) Order, 2011 ("the Order") made by the Permanent Secretary of the Ministry of Planning and Resource Management vide Gazette No. 14 dated 7 April 2011 in Vol. LVXI of Part II of the Sarawak Government Gazette, part of the Plaintiffs' NCR lands (which the Plaintiffs are claiming are located within the Provisional Lease of State Land ("PL") described as Lot 410) has been declared as Native Communal Reserve for the exclusive use of the Iban community of Entebu/Selambong/Muton, Saratok and Betong and of which the Plaintiffs are part of that community.

The Plaintiffs further pleaded that by virtue of the Order, it is an admission that the Plaintiffs have acquired and/or inherited NCR and/or native title and/or usufructuary rights over the said NCR land which they are claiming are located within the PL.

The Company's solicitors shall file in and serve the Amended Statement of Defence in due course.

In relation to the Gazetted Lands, the Company is presently looking at various options in resolving the issues out of court.

- (b) **Kuala Lumpur High Court Suit No. 22NCVC-1210-10-2012**

On 9 July 2013, the Court of Appeal ("CoA") had unanimously dismissed the Plaintiff's Appeal with no order as to costs. Therefore, the decision of the High Court of Malaya at Kuala Lumpur (in striking-out Shamsuddin's claims against Lembaga Tabung Haji and TH Plantations Berhad) is upheld and affirmed by the CoA.

- (c) **The Kuching High Court Suit No. 22-249-98-III(I)**

On 11 April 2013, our Company announced that the CoA has granted TH PELITA Gedong and TH PELITA Sadong an Order to Intervene and has fixed the date of hearing of the appeal proper on 28 August 2013.

- (d) **The Kuching High Court Suit No. 22-134/6-2012**

In view of the Defendants' Notice of Application to Strike Out the Plaintiffs' Writ of Summons and Statement of Claim, the court had adjourned the Pre-Trial Case Management to be heard on 17 June 2013 and further adjourned the matter to 15 July 2013.

On 15 July 2013, the court had fixed the delivery of its judgment on the Defendant's Notice of Application to Strike Out the Plaintiffs' Writ of Summons and Statement of Claim on 22 August 2013.

- (e) **The Kuching High Court Civil Suit No. 22-43-2002-I**

The 3rd and 4th Defendants had on 29 March 2011 obtained an order for a stay of execution of the judgment. On 31 March 2011, the 3rd and 4th Defendants had filed an appeal to the CoA.

Notwithstanding that TH PELITA Sadong is not the party to the suit and in order to protect TH PELITA Sadong's assets and interest, on 16 April 2012, TH PELITA Sadong had successfully obtained a leave from the CoA to intervene. The CoA had further fixed the appeal on 12 April 2013, which was subsequently adjourned to 29 August 2013.

30 Dividend

No dividend has been proposed for the current quarter under review.

31 Earnings Per Share

		UNAUDITED				
		Second Quarter Current Year	Preceding Year	Cumulative Quarter Current Year	Preceding Year	
(i)	<i>Basic earnings per share</i>					
	Profit attributable to shareholders	RM'000	<u>7,104</u>	<u>19,886</u>	<u>10,313</u>	<u>32,952</u>
	Weighted average number of ordinary shares in issue	'000	<u>877,320</u>	<u>517,326</u>	<u>877,320</u>	<u>517,326</u>
	Basic earnings per share	sen	<u>0.81</u>	<u>3.84</u>	<u>1.18</u>	<u>6.37</u>
(ii)	<i>Diluted earnings per share</i>					
	Profit attributable to shareholders	RM'000	<u>7,104</u>	<u>19,886</u>	<u>10,313</u>	<u>32,952</u>
	Weighted average number of ordinary shares in issue	'000	<u>877,320</u>	<u>517,326</u>	<u>877,320</u>	<u>517,326</u>
	Effect of dilution (ESOS outstanding)	'000	<u>20,424</u>	<u>23,342</u>	<u>20,424</u>	<u>23,342</u>
	Adjusted weighted average number of ordinary shares in issue	'000	<u>897,744</u>	<u>540,668</u>	<u>897,744</u>	<u>540,668</u>
	Diluted earnings per share	sen	<u>0.79</u>	<u>3.68</u>	<u>1.15</u>	<u>6.09</u>

32 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 20 August 2013.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
20 August 2013