

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

The Directors have pleasure in announcing the unaudited consolidated results for the quarter ended 30 September 2012.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	← UNAUDITED →			
	THIRD QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 30.09.12 RM'000	PRECEDING YEAR 30.09.11 RM'000	CURRENT YEAR 30.09.12 RM'000	PRECEDING YEAR 30.09.11 RM'000
Revenue (Note 18)	82,342	115,969	276,740	303,737
Cost of sales	(47,238)	(53,819)	(162,723)	(130,725)
Depreciation and amortisation	(9,639)	(8,565)	(27,284)	(25,523)
Gross profit	25,465	53,585	86,733	147,489
Other income	1,221	2,460	4,264	7,039
Administrative expenses	(3,334)	(3,079)	(10,076)	(8,903)
Other expenses	(757)	(334)	(3,416)	(3,346)
Depreciation	(282)	(263)	(809)	(783)
Zakat expense	(159)	(149)	(921)	(591)
Profit from operations	22,154	52,220	75,775	140,905
Finance costs	(2,456)	(2,702)	(6,220)	(6,473)
Profit before tax	19,698	49,518	69,555	134,432
Tax expense (Note 22)	10,050	(11,810)	(839)	(32,993)
Profit after tax /Total comprehensive income for the quarter	29,748	37,708	68,716	101,439
Attributable to:				
Owners of the Company	19,209	33,122	52,161	87,119
Non-Controlling Interests	10,539	4,586	16,555	14,320
Profit/ Total comprehensive income for the quarter	29,748	37,708	68,716	101,439
Earnings per share (sen) :				
Basic earnings per share (Note 32)	3.70	6.51	10.05	17.12
Diluted earnings per share (Note 32)	3.55	6.19	9.65	16.29

* These quarterly results have been reviewed by our external auditor.

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Quarter As at 30.09.12 RM'000 (unaudited)	Year As at 31.12.11 RM'000 (audited)
Assets			
Property, plant & equipment	27	865,674	692,898
Plantation development expenditure		269,606	278,844
Goodwill	10	13,855	-
Other investment		599	599
Total non-current assets		<u>1,149,734</u>	<u>972,341</u>
Inventories		34,576	26,301
Trade and other receivables		77,539	78,042
Prepayment and other assets		2,777	2,770
Cash and cash equivalents*		74,582	167,194
Total current assets		<u>189,474</u>	<u>274,307</u>
Total assets		<u>1,339,208</u>	<u>1,246,648</u>
Equity			
Share capital		259,423	254,548
Share premium		52,832	39,925
Share option reserve		4,633	5,149
Other reserves		26,245	26,245
Retained earnings		270,770	298,149
Total equity attributable to equity holders of the Company		<u>613,903</u>	<u>624,016</u>
Non-controlling interests		<u>236,320</u>	<u>194,631</u>
Total equity		<u>850,223</u>	<u>818,647</u>
Liabilities			
Deferred tax liabilities		99,019	90,933
Loans and borrowings	28	200,000	150,000
Trade and other payables		37,316	21,037
Total non-current liabilities		<u>336,335</u>	<u>261,970</u>
Current liabilities			
Trade and other payables		87,272	157,198
Loan and borrowings	28	65,150	-
Current tax liabilities		228	8,833
Total current liabilities		<u>152,650</u>	<u>166,031</u>
Total liabilities		<u>488,985</u>	<u>428,001</u>
Total equity and liabilities		<u>1,339,208</u>	<u>1,246,648</u>
Net tangible assets per share (RM)		<u>1.18</u>	<u>1.23</u>

* Refer to the statement of cashflows

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

	←----- Attributable to equity holders of the Company -----→							
	←----- Non-distributable -----→				←----- Distributable -----→	Sub-total RM'000	Non-controlling Interests RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Share Option reserve RM'000	Retained earnings RM'000			
At 1 January 2011	244,215	14,599	26,245	7,833	220,489	513,381	169,268	682,649
Issuance of ordinary shares pursuant to ESOS	10,333	25,326	-	(4,236)	-	31,423	-	31,423
Investment from non-controlling interests	-	-	-	-	-	-	11,070	11,070
Profit/ Total comprehensive income for the year	-	-	-	-	124,829	124,829	24,936	149,765
Share option granted under ESOS	-	-	-	1,552	-	1,552	-	1,552
Dividends to shareholders of the Company	-	-	-	-	(47,169)	(47,169)	-	(47,169)
Dividends to non-controlling interests	-	-	-	-	-	-	(10,643)	(10,643)
At 31 December 2011 (audited)	254,548	39,925	26,245	5,149	298,149	624,016	194,631	818,647
At 1 January 2012	254,548	39,925	26,245	5,149	298,149	624,016	194,631	818,647
Issuance of ordinary shares pursuant to ESOS	4,875	12,907	-	(1,933)	-	15,849	-	15,849
Profit/ Total comprehensive income for the period	-	-	-	-	52,161	52,161	16,555	68,716
Acquisition of a subsidiary (Note 14)	-	-	-	-	-	-	25,134	25,134
Share option granted under ESOS	-	-	-	1,417	-	1,417	-	1,417
Dividends to shareholders of the Company	-	-	-	-	(79,540)	(79,540)	-	(79,540)
At 30 September 2012 (unaudited)	259,423	52,832	26,245	4,633	270,770	613,903	236,320	850,223

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

	FOR THE QUARTER ENDED	
	30.09.12	30.09.11
	RM'000	RM'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before tax	69,555	134,432
Adjustment for non-cash flow items	34,747	30,199
Operating profit before changes in working capital	<u>104,302</u>	<u>164,631</u>
Changes in working capital		
Net changes in working capital	(43,539)	28,304
Cash generated from operations	<u>60,763</u>	<u>192,935</u>
Borrowing cost paid	(7,087)	(6,473)
Profit margin income from short term Islamic deposits and inter-company receivables	2,035	4,734
Tax paid	(39,507)	(31,862)
Net cash generated from operating activities	<u>16,204</u>	<u>159,334</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(29,201)	(13,243)
Acquisition of subsidiaries, net cash acquired (Note 14)	(72,500)	-
(Decrease)/increase in deposits pledged	(600)	464
Plantation development expenditure	(52,896)	(43,910)
Net cash used in investing activities	<u>(155,197)</u>	<u>(56,689)</u>
Cash flows from financing activities		
Repayment of loans and borrowings	-	(15,524)
Dividends paid to shareholders of the Company	(85,219)	(52,029)
Proceeds from issue of Murabahah Medium Term Notes	50,000	-
Proceeds from Commodity Murabahah Term Financing*	65,150	-
Proceeds from issuance of new shares pursuant to ESOS	15,850	41,897
Net cash generated from/(used in) financing activities	<u>45,781</u>	<u>(25,656)</u>
Net (decrease)/increase in cash and cash equivalents	(93,212)	76,989
Cash and cash equivalents at beginning of the year	166,488	128,930
Cash and cash equivalents at end of the period	<u>73,276</u>	<u>205,919</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	46,792	174,246
Cash and bank balances	27,790	32,847
	<u>74,582</u>	<u>207,093</u>
Less :		
Deposits pledged	(1,306)	(1,174)
	<u>73,276</u>	<u>205,919</u>

* The loan has been raised to partly finance the acquisition of new subsidiary, Hydroflow Sdn Bhd.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 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 2011. 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 2011.

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 2011.

In our audited financial statements for the year ended 31 December 2011 dated 21 February 2012, the Group had stated that it was adopting the Malaysian Financial Reporting Standards ("MFRS") framework for the current financial period and the Group was still assessing the impact of adopting MFRS 141, *Agriculture*.

However, subsequent to further assessment on the impact of adopting MFRS framework and particularly the impact of adopting MFRS 141, *Agriculture*, the Group has now decided to apply as "Transitioning Entities" and adopt the Financial Reporting Standards ("FRS") framework for the current period.

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, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2011.

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 2011 in their report dated 21 February 2012.

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

- (i) The Company issued RM50 million Murabahah Medium Term Notes ("MMTNs") with a maturity date of 6 years from the date of issue during the financial period. The MMTNs bear profit margin at an effective profit margin rate of 6.1%.
- (ii) The Company issued 9,751,200 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)	5,157	4,544	50

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

9 Dividends

There were no dividends paid or proposed during the third quarter ended 30 September 2012.

10 Goodwill

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
Cost		
Balance at the beginning of period/year	-	-
Acquisition through business combinations (see note 14)	13,855	-
Balance at the end of period/year	13,855	-
Carrying amounts		
Balance at the beginning of period/year	-	-
Balance at the end of period/year	13,855	-

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 September 2012 was based on the following key assumptions:

- o Cash flows were 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 sources (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 SEPTEMBER 2012				
External operating revenue	74,786	7,556	-	82,342
Inter-segment revenue	5,431	2,608	(8,039)	-
Total operating revenue	80,217	10,164	(8,039)	82,342
Other income	21,978	-	(20,757)	1,221
	102,195	10,164	(28,796)	83,563
Operating expenses	(53,581)	(5,272)	1,976	(56,877)
Segment results	48,614	4,892	(26,820)	26,686
Other expenses	(6,657)	(1,129)	3,254	(4,532)
Finance costs	(7,806)	-	5,350	(2,456)
Profit before tax	34,151	3,763	(18,216)	19,698
RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2011				
External operating revenue	109,392	6,577	-	115,969
Inter-segment revenue	12,819	3,134	(15,953)	-
Total operating revenue	122,211	9,711	(15,953)	115,969
Other income	14,649	-	(12,189)	2,460
	136,860	9,711	(28,142)	118,429
Operating expenses	(61,321)	(5,193)	4,130	(62,384)
Segment results	75,539	4,518	(24,012)	56,045
Other expenses	(4,559)	(1,512)	2,246	(3,825)
Finance costs	(10,184)	-	7,482	(2,702)
Profit before tax	60,796	3,006	(14,284)	49,518

11 Operating segments (continued)

	Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
RESULTS FOR 9 MONTHS ENDED 30 SEPTEMBER 2012				
External operating revenue	258,233	18,507	-	276,740
Inter-segment revenue	12,220	8,838	(21,058)	-
Total operating revenue	270,453	27,345	(21,058)	276,740
Other income	42,436	1	(38,173)	4,264
	312,889	27,346	(59,231)	281,004
Operating expenses	(176,819)	(17,759)	4,571	(190,007)
Segment results	136,070	9,587	(54,660)	90,997
Other expenses	(18,734)	(3,956)	7,468	(15,222)
Finance costs	(21,792)	-	15,572	(6,220)
Profit before tax	95,544	5,631	(31,620)	69,555
RESULTS FOR 9 MONTHS ENDED 30 SEPTEMBER 2011				
External operating revenue	285,636	18,101	-	303,737
Inter-segment revenue	21,815	8,266	(30,081)	-
Total operating revenue	307,451	26,367	(30,081)	303,737
Other income	31,512	-	(24,473)	7,039
	338,963	26,367	(54,554)	310,776
Operating expenses	(147,383)	(16,817)	7,952	(156,248)
Segment results	191,580	9,550	(46,602)	154,528
Other expenses	(15,534)	(4,185)	6,096	(13,623)
Finance costs	(17,286)	-	10,813	(6,473)
Profit before tax	158,760	5,365	(29,693)	134,432
ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2012				
Assets that belong to the Group	1,814,583	14,631	(490,006)	1,339,208
Total assets	1,814,583	14,631	(490,006)	1,339,208
Liabilities that belong to the Group	811,620	4,812	(327,447)	488,985
Total liabilities	811,620	4,812	(327,447)	488,985
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2011				
Assets that belong to the Group	1,750,668	16,454	(520,474)	1,246,648
Total assets	1,750,668	16,454	(520,474)	1,246,648
Liabilities that belong to the Group	770,415	9,791	(352,205)	428,001
Total liabilities	770,415	9,791	(352,205)	428,001

12 Valuation Of Property, Plant And Equipment

There was no valuation of the property, plant and equipment in the current quarter under review.

13 Material Event Subsequent To The Balance Sheet Date

On 25 October 2012, the Company had entered into two (2) separate conditional share sale agreements as follows:

- (a) a conditional share sale agreement with Bong Sen Kui, Enerstar Sdn Bhd, Liew Tien How and Weida (M) Bhd for the acquisition of the entire equity interest in Bumi Suria Ventures Sdn Bhd for a total indicative cash consideration of RM212,504,000; and
- (b) a conditional share sale agreement with Weida (M) Bhd for the acquisition of the entire equity interest in Maju Warisanmas Sdn Bhd for an indicative cash consideration of RM42,081,000.

14 Changes In The Composition Of The Group

On 1 July 2012 the Company had completed its acquisition of 70% equity interest in Hydroflow Sdn Bhd for a cash consideration of RM72,500,000. Hydroflow Sdn Bhd is principally involved in oil palm plantations.

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 30.09.2012 RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	101,210
Plantation development expenditure	4,201
Inventories	1,066
Cash and bank balances	#
Deferred tax liability	(22,698)
Total identifiable net assets	<u>83,779</u>

	As at 30.09.2012 RM'000
Net cash arising from acquisition of subsidiary	
Final adjusted purchase consideration settled in cash and cash equivalents	72,500
Cash and bank balances acquired	#
Net cash outflow	<u>72,500</u>

	As at 30.09.2012 RM'000
Goodwill	
Goodwill was recognised as a result of the acquisition as follows:	
Total consideration transferred	72,500
Non-controlling interests, based on their proportionate interest in the recognised amounts	25,134
Fair value of identifiable net assets	(83,779)
Goodwill	<u>13,855</u>

Represent RM10

Acquisition-related costs

The Group incurred acquisition-related costs of RM557,500 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 would have material impact on the financial position and business of the Group as at 30 October 2012. Contingent liabilities is disclosed in Note 30.

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

	As at 30.09.2012
	RM'000
Approved and contracted for	68,251
Approved but not contracted for	76,876
	<u>145,127</u>

17 Material Related Party Transactions

**For the
quarter ended
30.09.2012**

Transactions with THP

Transacting Parties	Relationship	Nature of transactions	RM'000
Lembaga Tabung Haji	Holding Corporation	Lease of land	1,815
Lembaga Tabung Haji	Holding Corporation	Rental of office	1,449

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	12,879
TH PELITA Gedong Sdn Bhd	Related Company	Provision of management services	3,388
TH PELITA Sadong Sdn Bhd	Related Company	Provision of management services	958
Ladang Jati Keningau Sdn Bhd	Related Company	Provision of management services	57
TH-USIA Jatimas Sdn Bhd	Related Company	Provision of management services	93
TH Bonggaya Sdn Bhd	Related Company	Provision of management services	316
TH Bakti Sdn Bhd	Related Company	Provision of management services	115
TH PELITA Meludam Sdn Bhd	Related Company	Provision of management services	399
TH PELITA Beladin Sdn Bhd	Related Company	Provision of management services	69
TH PELITA Simunjan Sdn Bhd	Related Company	Provision of management services	232

Transactions with THP Group

CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	33,968
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication service provider	906
Syarikat Takaful Malaysia	Related Company	Purchase of insurance	1,934
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	619

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

18 Review Of Performance

Revenue

Current quarter

The Group's revenue and profits are mainly contributed by its major segment, which is plantation operations.

For the current quarter ended 30 September 2012, the Group recorded revenue of RM82.34 million, compared with RM115.97 million for the same quarter last year. The lower revenue was mainly contributed by lower sales volume of crude palm oil ("CPO") and palm kernel ("PK") and lower average commodity selling prices realised.

Period todate

The Group recorded cumulative revenue of RM276.74 million up to the third quarter ended 30 September 2012 compared to RM303.74 million reported in the preceding period, a decrease of RM26.99 million or 9% due to lower sales volume of CPO and lower average commodity selling prices realised.

Sales Volume

Crude palm oil sales

(Metric tonnes)

Palm kernel sales

(Metric tonnes)

FFB sales

(Metric tonnes)

Cumulative quarter	
2012	2011
62,970	66,450
17,761	17,452
64,884	50,265

Average realised prices

Crude palm oil sales

(RM/tonne)

Palm kernel sales

(RM/tonne)

FFB sales to outsider

(RM/tonne)

Current quarter		Cumulative quarter	
2012	2011	2012	2011
2,827	2,998	3,025	3,203
1,598	1,869	1,831	2,411
506	561	542	611

Profit before tax

Current quarter

The Group's profit before taxation for the current quarter is lower by 60% due to lower revenue.

Period todate

Profit before tax up to the third quarter ended 30 September 2012 was lower by 48% to RM69.56 million as compared to RM134.43 million up to the same quarter last year due to higher production costs as follows:

- (i) Manuring cost is higher by RM8.5 million or 31% due to increase in dosage applied and higher fertiliser cost.
- (ii) Pest and disease cost is higher by RM1.2 million or 124% due to control of Tirathaba infestation in Sarawak and Bagworm outbreak in Pahang.
- (iii) Harvesting cost is higher by RM2.94 million or 24% due to incentive payment of RM200 per month for eligible workers in compliance with MAPA regulations.

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

There are no material changes in the quarterly results between the current and preceding quarter.

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

Notwithstanding the volatility of commodity prices, the Group is optimistic in being able to sustain its current performance.

(b) Projection of Targets Previously Announced

On 13 March 2012, the Group announced that its target was to achieve 19.0% return on equity ("ROE"), 22.07 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 September 2012, the Group had achieved a 15.55% annualised ROE and the distribution of annual net profit after tax will be done after finalisation of audited financial statements for financial year 2012.

The Directors expect 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 due to an upward trend of crop production beginning September 2012.

21 Variance Of Actual Profit From Forecast Profit

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

22 Taxation

	Third Quarter Current Year RM'000	Preceding Year RM'000	Cumulative Current Year RM'000	Quarter Preceding Year RM'000
Current	(195)	10,776	17,308	39,184
Deferred	(9,855)	1,034	(16,469)	(6,191)
	<u>(10,050)</u>	<u>11,810</u>	<u>839</u>	<u>32,993</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 period ended is lower than statutory rate as a result of higher deferred tax assets recognised during the period.

23 Realised and Unrealised Profits

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
Realised	511,347	539,658
Unrealised	(94,244)	(86,154)
	<u>417,103</u>	<u>453,504</u>
Less: Consolidation adjustments	(146,333)	(155,355)
Total Group retained earnings as per consolidated interim financial statements	<u>270,770</u>	<u>298,149</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

(a) On 11 November 2011, the Company had entered into two (2) separate conditional agreements as follows:

- (i) A Conditional Sale and Purchase of Shares Agreement with Sawit Green Plantation Sdn. Bhd. to acquire 3,500,000 ordinary shares of RM1.00 each held by Sawit Green in the share capital of Hydroflow Sdn. Bhd., representing 70% of the issued and paid-up share capital of Hydroflow, for a total Purchase Consideration ("PC") of RM73,500,000. The final adjusted PC was RM72,500,000.
- (ii) 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 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

(b) On 24 July 2012, the Company had accepted an offer from its major shareholder, Lembaga Tabung Haji ("TH" or "vendor") vide an offer letter dated 23 July 2012, for the Company to enter into the following:

- (i) proposed acquisition of the entire equity interest in TH Ladang (Sabah & Sarawak) Sdn Bhd ("THLSS") from TH for a purchase consideration of RM518,000,000 to be satisfied via the issuance of 202,343,750 new THP shares ("Consideration Shares") at an issue price of RM2.56 per Consideration Share; and
- (ii) proposed acquisition of 70% equity interest in TH Bakti Sdn Bhd ("THB") from TH for a purchase consideration of RM17,640,000 to be satisfied via the issuance of 6,890,625 Consideration Shares at an issue price of RM2.56 per Consideration Share.

Proposal (a) (i) was completed on 1 July 2012. However proposal (a)(ii) has yet to be completed, pending completion of the last condition precedent, which is the obtaining of the Surat Keputusan Hak Guna Usaha ("SKHGU").

Meanwhile, the Group had obtained approval from Bursa Malaysia Securities Berhad on 18 October 2012 for the proposals (b) (i) and (ii). However, the proposals are still pending approval from the shareholders.

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

27 Property, Plant and Equipment ("PPE")

As at 30 September 2012, 2,348 hectares of oil palm have reached maturity and reclassified as PPE.

28 Group Borrowings

As at 30 September 2012, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
Loans and borrowings		
Current		
Unsecured:		
Commodity Murabahah Term Financing ("CMTF-I")	65,150	-
Non current		
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	200,000	150,000
	265,150	150,000

29 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.

30 Material Litigation

- (1) On 14 September 2012, our Board announced that THP Saribas Sdn Bhd ("Saribas"), an 80% owned subsidiary of our Company, were currently involved in three (3) litigation cases involving NCR claims ("Saribas Litigation Cases"):-
- (a) **The Kuching Suit No. 21-2-2010-II** between Nyawai Anak Guang and two (2) others on behalf of themselves and other owners, occupiers and/or proprietors of NCR land (collectively the "Plaintiffs") v Saribas ("1st Defendant"), the Superintendent of Lands and Surveys, Betong Division, Sarawak ("2nd Defendant") and the State Government of Sarawak ("3rd Defendant") for, *inter alia*, the following orders:-
- (i) A declaration that the Plaintiffs had created and/or acquired and/or inherited Native Title and/or NCR over areas within Kampung Rumah Rengan, Selambong Rumah Anau and Rumah Lakun, Entebu, Saratok, Betong, Sarawak, situated within Provisional Lease Lot 410 Block 18 Awik-Krian Land district ("**the PL**");
 - (ii) A declaration that the Native Title and/or rights preclude Saribas from impairing and/or abridging the Plaintiffs' said Native Title and/or NCR;
 - (iii) A declaration that the acts of the 2nd and 3rd Defendants in issuing the PL to Saribas, in so far as they impair the Plaintiffs' NCR over the NCR land, is wrong and/or void;
 - (iv) A declaration that the issuance of the PL to Saribas, in as far as the extend of that area under the PL is unlawful, improper, unconstitutional and therefore null and void, for want of extinguishment of the Plaintiffs' NCR over the said land;
 - (v) A declaration that the area so included in the PL as claimed by the Plaintiffs as part of their NCR land, the same to be excised out of the area of land under the PL;
 - (vi) A prohibitory injunction restraining Saribas and/or their employees, servants and/or agents from trespassing, clearing, using or occupying the Plaintiff's NCR land; and
 - (vii) Alternatively, a mandatory injunction against Saribas and/or their employees, servants and/or agents to cease operations and remove all structures and equipments or machineries from the Plaintiffs' NCR land.
- (b) **The Sri Aman Suit No. SA-22-1-2011-I** between Agnes Dawong Anak Gurang (collectively the "**Plaintiffs**") and 69 others v the State Government of Sarawak ("**1st Defendant**"), the Superintendent of Lands and Surveys, Betong Division, Sarawak ("**2nd Defendant**"), the Registrar of Lands and Surveys Department, Sarawak ("**3rd Defendant**") and Saribas ("**4th Defendant**") for, *inter alia*, the following orders:-
- (i) A declaration that the Plaintiffs are the owners of the NCR land measuring over 1,760 acres or 712.2 hectares more or less which are situated within the PL (as defined in (a) above);
 - (ii) An injunction against Saribas to restrain Saribas by themselves or their agents or servants from entering, trespassing, occupying, clearing and bulldozing the NCR land and from planting oil palms on the NCR land;
 - (iii) Alternatively, damages and/or compensation including damages for the continued trespassing and occupation of the NCR land against Saribas;
 - (iv) Alternatively, exemplary damages and/or compensation for the wanton and inhumane destruction of the Plaintiffs' crops and properties on the NCR land against Saribas; and
 - (v) Alternatively, against Saribas for the repossession of the NCR land.
- (c) **The Sri Aman Suit No. SRA-1/3-2012** between Antas Anak Ujeh, Gasah Anak Degom, Guyong Anak Renang, Sanggat Anak Enggie and 32 others (collectively the "**Plaintiffs**") v State Government of Sarawak ("**1st Defendant**"), the Superintendent of Lands and Surveys, Betong Division, Sarawak ("**2nd Defendant**") and Saribas ("**3rd Defendant**") for, *inter alia*, the following orders:-
- (i) A declaration that the Plaintiffs are the owners of NCR land measuring 548.81 acres or 222 hectares more or less situated within the PL (as defined in (a) above);
 - (ii) An injunction against Saribas to restrain Saribas by themselves or their agents or servants from entering, trespassing, occupying, clearing and bulldozing the NCR land and from planting oil palms on the NCR land;
 - (iii) Alternatively, damages and/or compensation including damages for the continued trespassing and occupation of the NCR land against Saribas;
 - (iv) Alternatively, exemplary damages and/or compensation for the wanton and inhumane destruction of the Plaintiffs' crops and properties on the NCR land against Saribas; and
 - (v) Alternatively, against Saribas for the repossession of the NCR land.

30 Material Litigation (continued)

The Board further wishes to inform that by a Sarawak Government Gazette Part II Vol. LXVI No. 14 dated 7 April 2011, parcels of land containing an area of 2,532.3 acres or 1,024.8 hectares and 2.49 acres or 1.01 hectares, more or less and described as Lots 489 and 490 Block 18 Awik-Krian Land District respectively and situated within the PL had been declared as Native Communal Reserve by an Order cited as the Native Communal (Agriculture) Reserve (No. 13) Order, 2011 and came into force on 19 August 2010. Based on the map, Lot 489 and Lot 490 are within Lot 410 which are also the areas being claimed in the Litigation Cases.

The PL was registered under the name of Kenyalang Resources Sdn. Bhd. and the company was renamed as THP Saribas Sdn. Bhd. upon the successful acquisition of 80% shareholding in the Company by THP. The PL is approximately 2,600 hectares in size.

By an application of our Company's solicitors and by an order of the High Court at Sri Aman, Sarawak on 30 July 2012, the Saribas Litigation Cases were ordered to be consolidated and trialed jointly as the Saribas Litigation Cases are over areas situated within the PL and the areas claimed by the three Plaintiffs (as defined in (a), (b) and (c) above) overlapped with one another. The matter has been fixed for further mention by the High Court on 12 December 2012.

The expected losses are not determinable as the Saribas Litigation Cases are still at the preliminary stages. Based on the legal opinion of our solicitors, the Board is of the view that it has a good defence to the claims of the Plaintiffs.

The Company is presently looking at various options in resolving the issues out of court. Nonetheless, Court proceedings will still continue.

(2) KUALA LUMPUR COURT SUIT NO. 22NCVC-1210-10-2012

Shamsudin bin Abd Hamid and 300 others (collectively the "Plaintiffs") v. TH ("1st Defendant") and the Company ("2nd Defendant") (collectively the "Defendants")

On 5 October 2012, the Plaintiffs have filed a civil suit against the Defendants. In the civil suit, the Plaintiffs are claiming for, amongst others:-

- (a) special damages of RM394,761,557.30; and
- (b) for an order that a portion of the Lands measuring 2,080 acres be transferred into the names of the Plaintiffs.

The Lands which had been developed and managed by the Company as oil palm plantations under the Agreement for Lease dated 20 October 2003 given by TH and the Company as the proprietor of the said lands which were alienated by the State Government of Pahang in 1972 for oil palm development:

- (a) H.S. (D) 3736 (formerly known as H.S. (D) (82)) No. P.T. 288, Mukim Keratong, Daerah Rompin, Negeri Pahang;
- (b) H.S. (D) 3737 (formerly known as H.S. (D) (83)) No. P.T. 289, Mukim Keratong, Daerah Rompin, Negeri Pahang;
- (c) H.S. (D) 3782 (formerly known as H.S. (D) (146)) No. P.T. 305, Mukim Keratong, Daerah Rompin, Negeri Pahang;
- (d) H.S. (D) 3783 (formerly known as H.S. (D) (147)) No. P.T. 306, Mukim Keratong, Daerah Rompin, Negeri Pahang;
- (e) H.S. (D) 1447 No. P.T. 452 Mukim Keratong, Daerah Rompin, Negeri Pahang; and
- (f) H.S. (D) 1419 No. P.T. 2549, Mukim Keratong, Daerah Rompin, Negeri Pahang.

(all of the six (6) land titles above are collectively referred to as "**the Lands**").

The Plaintiffs alleged that they are the beneficiaries of 2,080 acres portion of the Lands arose from certain express terms ("syarat nyata") imposed by the State Government of Pahang as conditions for the alienation of the Lands. **The said conditions have been waived by the State Government of Pahang in 2005.** All of the 6 land titles above, upon an official land search conducted on 31 January 2005 are clean and free of any syarat nyata.

Our Company's solicitors are not able to comment on the outcome of the aforesaid legal suit at this juncture.

31 Dividend

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

32 Earnings Per Share

		UNAUDITED				
		Third Quarter Current Year	Third Quarter Preceding Year	Cumulative Quarter Current Year	Cumulative Quarter Preceding Year	
(i)	<i>Basic earnings per share</i>					
	Profit attributable to shareholders	RM'000	<u>19,209</u>	<u>33,122</u>	<u>52,161</u>	<u>87,119</u>
	Weighted average number of ordinary shares in issue	'000	<u>518,846</u>	<u>508,780</u>	<u>518,846</u>	<u>508,780</u>
	Basic earnings per share	sen	<u>3.70</u>	<u>6.51</u>	<u>10.05</u>	<u>17.12</u>
(ii)	<i>Diluted earnings per share</i>					
	Profit attributable to shareholders	RM'000	<u>19,209</u>	<u>33,122</u>	<u>52,161</u>	<u>87,119</u>
	Weighted average number of ordinary shares in issue	'000	<u>518,846</u>	<u>508,780</u>	<u>518,846</u>	<u>508,780</u>
	Effect of dilution (ESOS outstanding)	'000	<u>21,820</u>	<u>26,070</u>	<u>21,820</u>	<u>26,070</u>
	Adjusted weighted average number of ordinary shares in issue	'000	<u>540,666</u>	<u>534,850</u>	<u>540,666</u>	<u>534,850</u>
	Diluted earnings per share	sen	<u>3.55</u>	<u>6.19</u>	<u>9.65</u>	<u>16.29</u>

33 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 30 October 2012.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
30 October 2012