

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors have pleasure in announcing the unaudited consolidated results for the year ended 31 December 2012.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	UNAUDITED FOURTH QUARTER CURRENT YEAR 31.12.12 RM'000	UNAUDITED PRECEDING YEAR 31.12.11 RM'000	UNAUDITED YEAR TODATE CURRENT YEAR 31.12.12 RM'000	AUDITED PRECEDING YEAR 31.12.11 RM'000
Revenue (Note 18)	99,106	131,098	375,846	434,835
Cost of sales	(60,618)	(70,290)	(223,341)	(201,015)
Depreciation and amortisation	(11,886)	(8,835)	(39,170)	(34,358)
Gross profit	26,602	51,973	113,335	199,462
Other income (Note 14(b))	102,580	2,690	106,844	9,729
Administrative expenses	(6,433)	(3,130)	(16,509)	(12,033)
Other expenses	(2,946)	(1,014)	(6,362)	(4,360)
Depreciation	(480)	(207)	(1,289)	(990)
Zakat expense	1,040	182	119	(409)
Profit from operations	120,363	50,494	196,138	191,399
Finance costs	(4,066)	(1,904)	(10,286)	(8,377)
Profit before tax	116,297	48,590	185,852	183,022
Tax expense (Note 22)	(17,477)	(264)	(18,316)	(33,257)
Profit after tax /Total comprehensive income for the quarter/ year	98,820	48,326	167,536	149,765
Attributable to:				
Owners of the Company	104,393	37,710	156,554	124,829
Non-Controlling Interests	(5,573)	10,616	10,982	24,936
Profit/ Total comprehensive income for the quarter/ year	98,820	48,326	167,536	149,765
Earnings per share (sen) :				
Basic earnings per share (Note 32)	14.33	7.41	21.49	24.52
Diluted earnings per share (Note 32)	14.05	7.05	21.07	23.34

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

	Note	As at 31.12.12 RM'000 (unaudited)	As at 31.12.11 RM'000 (audited)
Assets			
Property, plant & equipment	27	1,673,475	692,898
Plantation development expenditure		558,442	278,844
Intangible assets	10	14,006	-
Other investment		599	599
Total non-current assets		2,246,522	972,341
Inventories		41,733	26,301
Trade and other receivables		107,256	78,042
Prepayment and other assets		6,242	2,770
Cash and cash equivalents		125,217	167,194
Total current assets		280,448	274,307
Total assets		2,526,970	1,246,648
Equity			
Capital reserve		770,144	325,867
Retained earnings		348,942	298,149
Total equity attributable to equity holders of the Company		1,119,086	624,016
Non-controlling interests		393,899	194,631
Total equity		1,512,985	818,647
Liabilities			
Deferred tax liabilities		278,366	90,933
Loans and borrowings	28	470,562	150,000
Trade and other payables		11,349	21,037
Total non-current liabilities		760,277	261,970
Current liabilities			
Trade and other payables		230,340	157,198
Loan and borrowings	28	20,000	-
Current tax liabilities		3,368	8,833
Total current liabilities		253,708	166,031
Total liabilities		1,013,985	428,001
Total equity and liabilities		2,526,970	1,246,648
Net tangible assets per share (RM)		1.54	1.23

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 YEAR ENDED 31 DECEMBER 2012

	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	Non-controlling Interests RM'000	Total RM'000
At 1 January 2011	244,215	14,599	26,245	7,833	292,892	220,489	169,268	682,649
Profit/ Total comprehensive income for the year	-	-	-	-	-	124,829	24,936	149,765
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
Share option granted under ESOS	-	-	-	1,552	1,552	-	-	1,552
Dividends to shareholders of the Company	-	-	-	-	-	(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	325,867	298,149	194,631	818,647
At 1 January 2012	254,548	39,925	26,245	5,149	325,867	298,149	194,631	818,647
Profit/ Total comprehensive income for the year	-	-	-	-	-	156,554	10,982	167,536
Issuance of ordinary shares pursuant to ESOS	5,013	13,258	-	(1,988)	16,283	-	-	16,283
Issuance of new ordinary shares issued on acquisition of subsidiaries (Note 14)	104,617	431,023	-	-	535,640	-	192,677	728,317
Adjustments on premium of shares issued on acquisition of subsidiaries	-	-	(108,802)	-	(108,802)	-	-	(108,802)
Share option granted under ESOS	-	-	-	1,156	1,156	-	-	1,156
Dividends to shareholders of the Company	-	-	-	-	-	(105,761)	-	(105,761)
Dividends to non-controlling interests	-	-	-	-	-	-	(4,391)	(4,391)
At 31 December 2012 (unaudited)	364,178	484,206	(82,557)	4,317	770,144	348,942	393,899	1,512,985

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 YEAR ENDED 31 DECEMBER 2012**

	FOR THE YEAR ENDED	
	31.12.12	31.12.11
	RM'000	RM'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before tax	185,852	183,022
Adjustment for non-cash flow items	(50,911)	39,938
Operating profit before changes in working capital	<u>134,941</u>	<u>222,960</u>
Changes in working capital		
Net changes in working capital	(104,697)	1,501
Cash generated from operations	<u>30,244</u>	<u>224,461</u>
Borrowing cost paid	(9,317)	(7,487)
Profit margin expenses on inter-company payables	(3,551)	(7,001)
Profit margin income from short term Islamic deposits and inter-company receivables	2,724	5,084
Tax paid	(49,480)	(56,116)
Net cash generated (used in)/ from operating activities	<u>(29,380)</u>	<u>158,941</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(46,550)	(22,757)
Acquisition of subsidiaries, net cash acquired (Note 14 (a))	(72,500)	-
Net cash acquired arising from acquisition of subsidiaries**	10,112	-
Decrease/(increase) in deposits pledged	(747)	933
Plantation development expenditure	(89,307)	(63,886)
Proceed from disposal of property, plant and equipment	127	494
Dividend received	73	-
Net cash used in investing activities	<u>(198,792)</u>	<u>(85,216)</u>
Cash flows from financing activities		
Repayment of loans and borrowings	-	(15,524)
Dividends paid to shareholders of the Company	(80,835)	(52,065)
Proceeds from issuance of Murabahah Medium Term Notes	50,000	-
Proceeds from issuance of SUKUK Murabahah	200,000	-
Proceeds from issuance of new shares pursuant to ESOS	16,283	31,423
Net cash generated from/(used in) financing activities	<u>185,448</u>	<u>(36,166)</u>
Net (decrease)/increase in cash and cash equivalents	(42,724)	37,559
Cash and cash equivalents at beginning of the year	166,488	128,929
Cash and cash equivalents at end of the year	<u>123,764</u>	<u>166,488</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	104,796	137,800
Cash and bank balances	20,421	29,394
	<u>125,217</u>	<u>167,194</u>
Less :		
Deposits pledged	(1,453)	(706)
	<u>123,764</u>	<u>166,488</u>
	-	
**Note:		RM'000
Net cash acquired arising from acquisition of subsidiary- THLSS Note 14(b)		10,000
Net cash acquired arising from acquisition of subsidiary- TH Bakti Note 14(c)		112
		<u>10,112</u>

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.

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, 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 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

During the year the company issued:

- (i) RM50 million Murabahah Medium Term Notes ("MMTNs") with a maturity period of 6 years from the date of issuance during the second quarter at an effective profit margin rate of 6.1%.
- (ii) RM200 million SUKUK Murabahah ("SUKUK") with a maturity period of 15 years from the date of issuance during the current quarter at an effective profit margin rate of 6.6%.
- (iii) 209,234,375 new ordinary shares of RM0.50 each issued at RM2.56 per share as part of acquisition of subsidiaries.
- (iv) 10,026,000 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)	5,362	4,614	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

During the fourth quarter ended 31 December 2012 the Company declared and paid an interim dividend of 3.60 sen per ordinary share (net of tax) in respect of financial year ended 31 December 2012 amounting to RM26.22 million.

10 Intangible assets

	As at 31.12.2012	As at 31.12.2011
	RM'000	RM'000
Cost		
Balance at the beginning of period/year	-	-
Acquisition through business combinations (see note 14)	14,006	-
Balance at the end of period/year	14,006	-
Carrying amounts		
Balance at the beginning of period/year	-	-
Balance at the end of period/year	14,006	-

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 December 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 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 31 DECEMBER 2012				
External operating revenue	272,576	4,837	(178,307)	99,106
Inter-segment revenue	55,926	3,307	(59,233)	-
Total operating revenue	328,502	8,144	(237,540)	99,106
Other income	130,757	-	(28,177)	102,580
Operating expenses	(459,259)	(8,144)	(265,717)	(725,120)
Segment results	258,505	2,341	(131,664)	129,182
Other expenses	(109,412)	(1,277)	101,870	(8,819)
Finance costs	(19,428)	-	15,362	(4,066)
Profit before tax	129,665	1,064	(14,432)	116,297
RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2011				
External operating revenue	123,365	7,733	-	131,098
Inter-segment revenue	60,880	4,241	(65,121)	-
Total operating revenue	184,245	11,974	(65,121)	131,098
Other income	194,336	11,974	(72,522)	133,788
Operating expenses	(73,144)	(9,087)	3,106	(79,125)
Segment results	121,192	2,887	(69,416)	54,663
Other expenses	(6,560)	(984)	3,375	(4,169)
Finance costs	(5,974)	-	4,070	(1,904)
Profit before tax	108,658	1,903	(61,971)	48,590

11 Operating segments (continued)

	Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012				
External operating revenue	530,809	23,344	(178,307)	375,846
Inter-segment revenue	68,146	12,145	(80,291)	-
Total operating revenue	598,955	35,489	(258,598)	375,846
Other income	173,193	1	(66,350)	106,844
	772,148	35,490	(324,948)	482,690
Operating expenses	(377,573)	(23,562)	138,624	(262,511)
Segment results	394,575	11,928	(186,324)	220,179
Other expenses	(128,146)	(5,233)	109,338	(24,041)
Finance costs	(41,220)	-	30,934	(10,286)
Profit before tax	225,209	6,695	(46,052)	185,852
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011				
External operating revenue	409,001	25,834	-	434,835
Inter-segment revenue	82,695	12,507	(95,202)	-
Total operating revenue	491,696	38,341	(95,202)	434,835
Other income	41,603	-	(31,874)	9,729
	533,299	38,341	(127,076)	444,564
Operating expenses	(220,527)	(25,904)	11,058	(235,373)
Segment results	312,772	12,437	(116,018)	209,191
Other expenses	(22,094)	(5,169)	9,471	(17,792)
Finance costs	(23,260)	-	14,883	(8,377)
Profit before tax	267,418	7,268	(91,664)	183,022
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
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 except as disclosed in the Note 14.

13 Material Event Subsequent To The Balance Sheet Date

On 20 February 2013, the Group had obtained its shareholders approval in an extraordinary general meeting, being the last Condition Precedent pursuant to the Conditional Share Sale Agreement entered into on 25 October 2012 in relation to the acquisition of the entire equity interest in Bumi Suria Ventures Sdn Bhd and Maju Warisanmas Sdn Bhd. (Please refer to Note 26)

14 Changes In The Composition Of The Group

- (a) 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 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 01.07.2012 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	<u>(22,698)</u>
Total identifiable net assets	<u>83,779</u>
	As at 01.07.2012 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	<u>#</u>
Net cash outflow	<u>72,500</u>
	As at 01.07.2012 RM'000
Intangible assets	
Intangible assets 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	<u>(83,779)</u>
Intangible assets	<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.

- (b) On 23 November 2012 the Company had completed its acquisition of the entire equity interest in TH Ladang (Sabah & Sarawak) Sdn Bhd ("THLSS") for purchase consideration of RM518,000,000 to be satisfied via the issuance of 202,343,750 new THP shares ("Consideration Shares") at agreed price of RM2.56 per Consideration Share^

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 23.11.2012
	RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	769,715
Plantation development expenditure	248,462
Inventories	24,428
Trade and other receivables	29,351
Cash and bank balances	10,000
Trade and other payables	(69,085)
Dividend payables	(87,928)
Loan and borrowings	(80,282)
Deferred tax liabilities	(165,723)
Current tax liabilities	(3,332)
	<hr/>
Total identifiable net assets	675,606

	As at 23.11.2012
	RM'000
Net cash arising from acquisition of subsidiary	
Final adjusted purchase consideration settled in cash and cash equivalents	
Cash and bank balances acquired	<hr/> (10,000)
Net cash inflow	(10,000)

	As at 23.11.2012
	RM'000
Surplus over fair value of net assets acquired	
Surplus over fair value of net assets acquired was recognised in profit or loss as a result of the acquisition as follows:	
Total consideration transferred^^	412,781
Non-controlling interests, based on their proportionate interest in the recognised amounts	161,584
Fair value of identifiable net assets	<hr/> (675,606)
Surplus over fair value of net assets acquired*	(101,241)

- * Surplus over fair value of net assets acquired is recognised as "other income" in the statement of profit or loss and other comprehensive income.

The breakdown of other income is:

Surplus over fair value of net assets acquired	101,241
Profit margin income from short term investment and receivables	3,007
Sundry income	<hr/> 2,596
	106,844

- (c) On 23 November 2012 the Company had completed its acquisition of 70% equity interest in TH Bakti Sdn Bhd ("THB") for purchase consideration of RM17,640,000 to be satisfied via the issuance of 6,890,625 Consideration Shares at agreed price of RM2.56 per Consideration Share.^

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 23.11.2012 RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	36,020
Inventories	287
Receivables	307
Cash and bank balances	112
Payables	(3,892)
Loan and borrowings	(10,000)
Deferred tax liability	(2,968)
Total identifiable net assets	<u>19,866</u>

	As at 23.11.2012 RM'000
Net cash arising from acquisition of subsidiary	
Final adjusted purchase consideration settled in cash and cash equivalents	
Cash and bank balances acquired	<u>(112)</u>
Net cash outflow	<u>(112)</u>

	As at 23.11.2012 RM'000
Intangible assets	
Intangible assets was recognised as a result of the acquisition as follows:	
Total consideration transferred^^	14,057
Non-controlling interests, based on their proportionate interest in the recognised amounts	5,960
Fair value of identifiable net assets	<u>(19,866)</u>
Intangible assets	<u>151</u>

Note:

^ The agreed price of RM2.56 per share is the share price as per Share Sale Agreement entered into between the parties on 2 August 2012. It was based on 5 days Volume Weighted Average Price ("VWAP") up to 23 July 2012.

^^ Total consideration was based on market value of RM2.04 per share as at 23 November 2012 which is the quoted price of THP Shares on the completion date.

Acquisition related costs

The Group incurred acquisition related costs of RM1,228,000 for transaction as disclosed in Note 14 (b) and (c) relating to legal fees, due diligence costs and advisory fees. These 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 have a material impact on the financial position and business of the Group as at 26 February 2013.

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

	As at
	31.12.2012
	RM'000
Approved and contracted for	276,842
Approved but not contracted for	428,249
	<u>705,091</u>

17 Material Related Party Transactions

**For the year
ended
31.12.2012**

Transactions with THP

Transacting Parties	Relationship	Nature of transactions	RM'000
Lembaga Tabung Haji	Holding Corporation	Lease of land	2,420
Lembaga Tabung Haji	Holding Corporation	Rental of office	1,932

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	16,352
Ladang Jati Keningau Sdn Bhd	Related Company	Provision of management services	69
TH PELITA Gedong Sdn Bhd	Related Company	Provision of management services	4,146
TH PELITA Sadong Sdn Bhd	Related Company	Provision of management services	1,189
TH-USIA Jatimas Sdn Bhd	Related Company	Provision of management services	112
TH Bonggaya Sdn Bhd	Related Company	Provision of management services	411
TH Bakti Sdn Bhd	Related Company	Provision of management services	136
TH PELITA Meludam Sdn Bhd	Related Company	Provision of management services	493
TH PELITA Beladin Sdn Bhd	Related Company	Provision of management services	85
TH PELITA Simunjan Sdn Bhd	Related Company	Provision of management services	276

Note that the amount is up to November 2012. For December, the amount will be eliminated at group level.

Transactions with THP Group

CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	39,987
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication service	735
Syarikat Takaful Malaysia	Related Company	Purchase of insurance	3,399
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	882

**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 plantation operations.

For the current quarter ended 31 December 2012, the Group recorded revenue of RM99.63 million, compared with RM131.10 million for the same quarter last year. The lower revenue was due to lower sales volume of crude palm oil ("CPO") and palm kernel ("PK") and lower average commodity selling prices.

Year to date

The Group recorded revenue of RM375.85 million for the year ended 31 December 2012 compared to RM434.84 million reported in the preceding year, a decrease of RM58.9 million or 14% due to lower sales volume of CPO and lower average commodity selling prices.

Sales Volume

Crude palm oil sales	<i>(Metric tonnes)</i>
Palm kernel sales	<i>(Metric tonnes)</i>
FFB sales	<i>(Metric tonnes)</i>

Year to date	
2012	2011
99,705	100,202
26,061	26,019
96,015	71,546

Average realised prices

Crude palm oil sales	<i>(RM/tonne)</i>
Palm kernel sales	<i>(RM/tonne)</i>
FFB sales	<i>(RM/tonne)</i>

Current quarter		Year to date	
2012	2011	2012	2011
2,038	2,884	2,661	3,096
1,113	1,731	1,602	2,187
310	525	472	586

Profit before tax

Current quarter

The Group's profit before taxation for the current quarter is higher by 139% due to higher operating income, being surplus over fair value of the net assets acquired amounting to RM101 million arising from acquisition of new subsidiaries during the year. Please refer to Note 14 (b).

Year to date

Profit before tax for the year ended 31 December 2012 was higher by 2% to RM185.85 million as compared to RM183.02 million up to the same period last year mainly due higher operating income, being surplus over fair value of the net assets acquired amounting to RM101 million arising from acquisition of new subsidiaries during the year. However the amount was partly offset by higher production costs as follows:

- (i) Manuring cost is higher by RM3.4 million or 9% due to increase in dosage applied and higher fertiliser cost.
- (ii) Pest and disease cost is higher by RM2.0 million or 235% due to control of Tirathaba infestation in Sarawak and Bagworm outbreak in Pahang.
- (iii) Harvesting cost is higher by RM4.1 million or 23% due to additional harvesting areas and 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 except as disclosed in Note 14 (b)

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 31 December 2012, the Group had achieved a 17.96% ROE and FFB production of 21.51 mt/ha which is lower than its targeted yield by 0.56%.

The directors have recommended a final dividend of 1.00 sen per share. After taking into account interim dividend of 3.60 sen per ordinary share amounting to RM26.22 million which was paid during the quarter under review, the total dividend declared/paid for the year ended 31 December 2012 is RM33.50 million which is equivalent to approximately 50% of Group's annual net profit after tax and non-controlling interests .

21 Variance Of Actual Profit From Forecast Profit

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

22 Taxation

	Fourth Quarter		Year to date	
	Current Year RM'000	Preceding Year RM'000	Current Year RM'000	Preceding Year RM'000
Current	5,141	17,177	27,143	56,361
Over provision	(177)	(721)	(4,871)	(721)
Deferred	12,513	(16,192)	(3,956)	(22,383)
	<u>17,477</u>	<u>264</u>	<u>18,316</u>	<u>33,257</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 asset recognised during the period.

23 Realised and Unrealised Profits

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Realised	482,400	539,658
Unrealised	28,230	(86,154)
	<u>510,630</u>	<u>453,504</u>
Less: Consolidation adjustments	(161,688)	(155,355)
Total Group retained earnings as per consolidated interim financial statements	<u>348,942</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.

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

- (i) 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
- (ii) 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.

Proposal (a) (i) and (b)(i) and (ii) was completed on 1 July 2012 and 27 November 2012 respectively. 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 transaction on proposal (c) is duly completed on 27 February 2013.

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 31 December 2012, 2,348 hectares of oil palm have reached maturity and reclassified as PPE. Other than that please refer to Note 14.

28 Group Borrowings

As at 31 December 2012, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Loans and borrowings		
Non current		
Secured:	28,722	-
Ijarah Term Financing-i Facility	41,840	-
Flexi Term Financing-i		
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	200,000	150,000
SUKUK Murabahah Medium Term Notes	200,000	-
Current		
Secured:		
Ijarah Term Financing-i Facility	10,000	-
Tawarruq Flexi Term Financing-i	10,000	-
	490,562	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

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

On 12 December 2012, the Counsel for the Plaintiffs in both Suits No. SA-22-1-2011-I and SRA-21-1/3-2012 had made an oral application to withdraw both suits with liberty to file afresh on the following reasons:

- (i) To ascertain the actual remaining number of the plaintiffs whose disputed parcels of land are still within the PL and the actual size of the said disputed parcels of land located within the PL.
- (ii) To re-survey the disputed parcels of land within the PL as some of the plaintiffs disputed parcels of land straddle both the Native Communal Reserve and the PL and it would be complicated to amend the present pleadings.

The Counsel for the Plaintiffs in Suit No. 21-2-2010-II had on 12 December 2012, made an oral application to de-consolidate Suit No. 21-2-2010-II from the other two (2) suits.

Accordingly, the High Court Judge had made the following orders in relation to the consolidated litigation cases:

- a) Allowed the application to de-consolidate Suit No. 21-2-2010-II from the other two (2) suits and fixed the matter for further mention for Suit No. 21-2-2010-II on 23 January 2013; and
- b) Further allowed the application to withdraw both Suit No. SA-22-1-2011-I and SRA-21-1/3-2012 with liberty to file afresh and with cost.

The matter is fixed for further mention on 1 March 2013.

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

30 Material Litigation (continued)**(b) Kuala Lumpur High Court 22NCVC-1210-10-2012**

The Civil Suit was directed for Case Management on 19 December 2012. On that date the Judge was informed that the respective parties had made the following applications:

- (i) Defendants' Application to Strike- Out the Plaintiff's Statement of Claim;
- (ii) Plaintiff's Application to enter Judgment in Default of Defence; and
- (iii) Defendants' Application for Extension of Time to file the Defence.

On 22 February 2013, the Court had allowed the Defendants' Application to Strike-Out the Plaintiff's Statement of Claim with costs.

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

TR. Nyutan Ak Jami, Gangak Anak Guma, Langa Anak Kama and 183 Others (collectively the "**Plaintiffs**") v. Lembaga Pembangunan dan Lindungan Tanah ("**1st Defendant**"), Nirwana Muhibbah Sdn Bhd ("**2nd Defendant**") and the State Government of Sarawak ("**3rd Defendant**") (collectively the "**Defendants**").

On 20 November 1998, the Plaintiffs filed civil suit against the Defendants claiming that amongst others, the Plaintiffs be given vacant possession of the native customary land being about one (1) kilometre along both banks of Sungei Tampoi, some parts along Sungei Krang and Sungei Meringgang ("**Native Customary Land**"), which is within the land described as Lot 166 Block 5 of Melikin Land District ("**Gedong Land**").

On 23 February 2012, the High Court of Sabah and Sarawak ("**High Court**") declined the order for amongst others, vacant possession to the Plaintiffs, prohibitory injunction and mandatory injunction against the 1st and 2nd Defendants. The High Court has also granted the following Orders:-

- a) the 3rd Defendant to take steps within 30 days to rectify the affected provisional leases by excluding the Native Customary Land; and
- b) damages to be assessed by the High Court's registrar and paid by the 1st and 2nd Defendants to the Plaintiffs with interest thereon of 4% per annum from the date of writ to full payment.

On 22 March 2012, the Defendants filed an appeal to the Court of Appeal ("**CoA**") and the date of hearing of the appeal has yet to be fixed by the CoA. On 24 September 2012, application for the Stay of Execution of the said judgment was filed by 1st and 2nd Defendants and the High Court has dismissed that application. Nevertheless, the 1st and 2nd Defendants intend to appeal or apply for the Stay of Execution in the CoA.

In order to safeguard the interest of the companies, TH PELITA Gedong Sdn. Bhd. ("**TH PELITA Gedong**") and TH PELITA Sadong Sdn. Bhd. ("**TH PELITA Sadong**") have through their solicitors, on 23 March 2012, filed a motion to intervene in the appeal on 10 April 2013.

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

TH PELITA Sadong ("**1st Plaintiff**") and TH PELITA Gedong ("**2nd Plaintiff**") (collectively the "**Plaintiffs**") v. First Composite Sdn Bhd ("**1st Defendants**") & 15 Others ("**15 Other Defendants**") (collectively the "**Defendants**").

This suit was instituted against the Defendants on 26 June 2012. Some of the natives of the Kuching High Court Suit No. 22-249-98-III(I), from Kampung Lebor, Jalan Gedong, 94700, Serian, attempted to take advantage of the Judgment in the High Court Suit No. 22-249-98-III(I) by appointing the 1st Defendant to manage and taking physical possession of the area of approximately one (1) kilometre along both banks of Sungei Tampoi, some parts along Sungei Krang and Sungei Meringgang. Consequently, the Plaintiffs had on 26 June 2012 filed an application for injunction against the 1st Defendant and 15 Other Defendants, in order to protect the interest of TH PELITA Gedong and TH PELITA Sadong as the registered proprietor of their respective land.

The Plaintiffs and the Defendants had on 14 August 2012, recorded a consent order to jointly survey the Native Customary Land ("**Consent Order**"). Based on the survey carried out by a chartered surveyor appointed by TH PELITA Gedong, the alleged Native Customary Land is 316.2 hectares, more or less, which is situated on Gedong Land ("**Surveyed Area**").

The Consent Order is subject to the outcome of the stay of execution which was dismissed on 24 September 2012 and the final status of this Consent Order will be determined on 9 November 2012 in the High Court. The Court has fixed the matter for further mention on 26 March 2013.

Notwithstanding the aforesaid legal suits and following the dismissal of the stay of execution on 24 September 2012, TH PELITA Gedong was considering options suggested by the State Attorney-General of Sarawak for resolving the problem arising from the claims of the natives whilst the appeal process is continuing. One of the options was to apply for a Lease of State Land in respect of the Gedong Land (including the Surveyed Area). In the meantime, actions may be taken in accordance with the Sarawak Land Code, to extinguish the rights of the natives over the Surveyed Area, subject to payment of compensation to the rightful/lawful claimants of the Native Customary Land.

TH PELITA Gedong had on 1 October 2012, written to the State Attorney General of Sarawak to accept the aforesaid option without prejudice to the appeals now before the Court of Appeal. In pursuing this option, the compensation that may be payable for the extinguishing of the rights of the natives over the Surveyed Area is approximately RM3.9 million.

In the event that the relevant Ministry is not able to extinguish the rights of the natives over the Surveyed Area, the financial impact to the revenue of TH PELITA Gedong will be approximately RM5.0 million.

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

Luking Anak Uding, Simah Anak Empaling, Nyambar Anak Suwat suing on behalf of themselves and all other proprietors, occupiers, holders or claimants of Native Customary Rights lands situated at or around Kampong Merakai, Gedong, Simunjan, Kota Samarahan Division, Sarawak (collectively the "**Plaintiffs**") v. Superintendent of Lands & Surveys Kota Samarahan Division ("**1st Defendant**"), State Government of the State of Sarawak ("**2nd Defendant**"), Lembaga Pembangunan dan Lindungan Tanah ("**3rd Defendant**") Nirwana Muhibbah Sdn Bhd ("**4th Defendant**") (collectively the "**Defendants**").

On 30 March 2002, the Plaintiffs filed the Civil Suit against the Defendants claiming that amongst others, the Plaintiffs native customary land within the area of the extent or boundary between Kampung Merakai and several other villages, which share a common boundary with Kampung Merakai ("**Native Customary Land**").

On 21 February 2011, the High Court ruled against the Defendants and had made amongst other, the following declarations and orders:

- a) the Plaintiffs have acquired Native Customary Land; and
- b) the issuance of the PL to the 3rd Defendant and 4th Defendant, in so far as it covers or includes or impairs the Plaintiffs' rights over the Native Customary Land was null and void.

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 Court of Appeal ("**CoA**") and the date of hearing of the appeal has yet to be fixed by 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 has successfully obtained a leave from the CoA to intervene. The Court of Appeal has further fixed the appeal on 12 April 2013.

31 Dividend

The Directors have proposed a final ordinary dividend in respect of year 31 December 2012, of 1.00 sen under the single tier system amounting to RM 7.28 million subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

32 Earnings Per Share

		UNAUDITED Fourth Quarter Current Year	AUDITED Quarter Preceding Year	UNAUDITED Year To date Current Year	AUDITED Preceding Year
(i) Basic earnings per share					
Profit attributable to shareholders	RM'000	<u>104,393</u>	<u>37,710</u>	<u>156,554</u>	<u>124,829</u>
Weighted average number of ordinary shares in issue	'000	<u>728,356</u>	<u>509,096</u>	<u>728,356</u>	<u>509,096</u>
Basic earnings per share	sen	<u>14.33</u>	<u>7.41</u>	<u>21.49</u>	<u>24.52</u>
(ii) Diluted earnings per share					
Profit attributable to shareholders	RM'000	<u>104,393</u>	<u>37,710</u>	<u>156,554</u>	<u>124,829</u>
Weighted average number of ordinary shares in issue	'000	<u>728,356</u>	<u>509,096</u>	<u>728,356</u>	<u>509,096</u>
Effect of dilution (ESOS outstanding)	'000	<u>14,622</u>	<u>25,754</u>	<u>14,622</u>	<u>25,754</u>
Adjusted weighted average number of ordinary shares in issue	'000	<u>742,978</u>	<u>534,850</u>	<u>742,978</u>	<u>534,850</u>
Diluted earnings per share	sen	<u>14.05</u>	<u>7.05</u>	<u>21.07</u>	<u>23.34</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 27 February 2013.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
27 February 2013