

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors have pleasure in announcing the unaudited consolidated results for the year ended 31 December 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	UNAUDITED			
		FOURTH QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR 31.12.13 RM'000	PRECEDING YEAR 31.12.12 RM'000	CURRENT YEAR 31.12.13 RM'000	PRECEDING YEAR 31.12.12 RM'000
Revenue	19 (a)	154,548	99,106	469,952	375,846
Cost of sales		(89,916)	(60,618)	(279,041)	(223,341)
Depreciation and amortisation	19 (b)	(20,728)	(11,886)	(74,721)	(39,170)
Gross profit		43,904	26,602	116,190	113,335
Other income	19 (b)	1,076	102,580	4,234	106,844
Administrative expenses		(4,722)	(6,433)	(17,630)	(16,509)
Other expenses		(2,127)	(2,946)	(6,144)	(6,362)
Depreciation		(312)	(480)	(1,214)	(1,289)
Zakat expense		(278)	1,040	(278)	119
Profit from operations		37,541	120,363	95,158	196,138
Finance costs	19 (b)	(6,740)	(4,066)	(24,115)	(10,286)
Profit before tax		30,801	116,297	71,043	185,852
Tax expense	23	9,854	(17,477)	5,458	(18,316)
Profit after tax /Total comprehensive income for the year		40,655	98,820	76,501	167,536
Attributable to:					
Owners of the Company		37,376	104,393	63,107	156,554
Non-Controlling Interests		3,279	(5,573)	13,394	10,982
Profit/ Total comprehensive income for the year		40,655	98,820	76,501	167,536
Earnings per share (sen) :					
Basic earnings per share	31	4.24	14.33	7.17	21.49
Diluted earnings per share	31	4.10	14.05	6.92	21.07

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 31.12.13 RM'000 (unaudited)	As at 31.12.12 RM'000 (audited)
Assets			
Property, plant & equipment		1,961,740	1,673,475
Plantation development expenditure		831,655	558,442
Intangible assets	10	73,265	14,006
Other investment		599	599
Total non-current assets		2,867,259	2,246,522
Inventories		39,238	41,733
Current tax assets		9,499	2,170
Trade and other receivables		77,335	105,086
Prepayments and other assets		3,451	6,242
Cash and cash equivalents		145,235	125,217
		274,758	280,448
Assets classified as held for sale	11	35,281	-
Total current assets		310,039	280,448
Total assets		3,177,298	2,526,970
Equity			
Capital reserve		778,081	770,144
Retained earnings		411,174	348,942
Total equity attributable to equity holders of the Company		1,189,255	1,119,086
Non-controlling interests		396,726	393,899
Total equity		1,585,981	1,512,985
Liabilities			
Deferred tax liabilities		300,017	278,366
Loans and borrowings	28	997,513	470,562
Trade and other payables		11,885	11,349
Total non-current liabilities		1,309,415	760,277
Current liabilities			
Trade and other payables		264,963	230,340
Loan and borrowings	28	10,000	20,000
Current tax liabilities		3,716	3,368
		278,679	253,708
Liabilities classified as held for sale	11	3,223	-
Total current liabilities		281,902	253,708
Total liabilities		1,591,317	1,013,985
Total equity and liabilities		3,177,298	2,526,970
Net tangible assets per share (RM)		1.35	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 YEAR ENDED 31 DECEMBER 2013

	←----- Attributable to equity holders of the Company -----→									
	←----- Non-distributable -----→					Distributable				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Share Option reserve RM'000	Total Capital reserve RM'000	Retained earnings RM'000	Sub-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 year	-	-	-	-	-	63,107	63,107	13,394	76,501	
Adjustment on fair value of ESOS after bonus issue	-	-	-	(492)	(492)	-	(492)	-	(492)	
Issuance of ordinary shares pursuant to ESOS	2,990	6,441	-	(1,002)	8,429	-	8,429	-	8,429	
Issuance of ordinary shares-Bonus issue	73,088	(73,088)	-	-	-	-	-	-	-	
Dividends to shareholders of the Company	-	-	-	-	-	(7,303)	(7,303)	-	(7,303)	
Investment from non-controlling interests	-	-	-	-	-	-	-	1,241	1,241	
Dividends to non-controlling interests	-	-	-	-	-	6,428	6,428	(11,808)	(5,380)	
At 31 December 2013 (unaudited)	440,256	417,559	(82,557)	2,823	778,081	411,174	1,189,255	396,726	1,585,981	

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 YEAR ENDED 31 DECEMBER 2013**

	Note	FOR THE YEAR ENDED	
		31.12.13 RM'000 (unaudited)	31.12.12 RM'000 (unaudited)
Cash flows from operating activities			
Profit before tax		71,043	185,852
Adjustment for non-cash flow items		98,773	(50,911)
Operating profit before changes in working capital		169,816	134,941
Changes in working capital			
Net changes in working capital		21,270	(104,697)
Cash generated from operations		191,086	30,244
Borrowing cost paid		(35,145)	(9,317)
Profit margin expenses on inter-company payables		(2,540)	(3,551)
Profit margin income from short term Islamic deposits and inter-company receivables		2,190	2,724
Tax paid		(33,070)	(49,480)
Tax refund		8,694	-
Net cash generated from/(used in) operating activities		131,215	(29,380)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(110,873)	(46,550)
Acquisition of subsidiaries, net cash acquired (Note 15)**		(264,137)	(72,500)
Net cash acquired arising from acquisition of subsidiaries		-	10,112
Increase in deposits pledged		(2,489)	(747)
Plantation development expenditure		(164,539)	(89,307)
Proceed from disposal of property, plant and equipment		213	127
Dividend received		91	73
Net cash used in investing activities		(541,734)	(198,792)
Cash flows from financing activities			
Repayment of loans and borrowings		(71,765)	-
Dividends paid to shareholders of the Company		(45,668)	(80,835)
Proceeds from issuance of Murabahah Medium Term Notes		-	50,000
Proceeds from issuance of SUKUK Murabahah		510,000	200,000
Proceeds from loan drawdown		27,067	-
Proceeds from Commodity Murabahah Term Financing		-	-
Proceeds from issuance of new shares		8,429	16,283
Net cash generated from financing activities		428,063	185,448
Net increase/ (decrease) in cash and cash equivalents		17,544	(42,724)
Cash and cash equivalents at beginning of the year		123,764	166,488
Cash and cash equivalents at end of the year		141,308	123,764
Cash and cash equivalents comprise:			
Deposits with licensed banks		135,133	104,796
Cash and bank balances		10,102	20,421
		145,235	
Assets classified as held for sale	11	15	
		145,250	125,217
Less :			
Deposits pledged		(3,942)	(1,453)
		141,308	123,764
**Note:		RM'000	
Net cash acquired arising from acquisition of subsidiary-Bumi Suria Ventures Sdn Bhd ("BSV") Note 15 (a)		221,689	
Net cash acquired arising from acquisition of subsidiary-Maju Warisanmas Sdn Bhd ("MWM") Note 15 (b)		42,448	
		264,137	

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 reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

6 Unusual Items Due To Their Nature, Size Or Incidence

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

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) RM510 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) 5,980,000 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
Exercise price per share after adjustment of bonus issue (RM)	1.27	1.45	1.74
No. of shares issued ('000)	5,125	788	67

- (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

The Directors have proposed a final ordinary dividend in respect of year 31 December 2013, of 3.62 sen under the single tier system amounting to RM 31.86 million subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

10 Intangible assets

	Note	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Cost			
Balance at the beginning of year		14,006	-
Acquisition through business combinations (see note 15 (a) and (b))		59,410	14,006
Transfer to assets held for sale	11	(151)	-
Balance at the end of year		<u>73,265</u>	<u>14,006</u>
Carrying amounts			
Balance at the beginning of year		<u>14,006</u>	<u>-</u>
Balance at the end of year		<u>73,265</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 31 December 2013 was based on the following key assumptions:

- o Cash flows were projected based on past experiences, actual operating results and the 30 year business plan. Management believes that this 30-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 Assets/ liabilities held for sale

Investment in subsidiary, TH Bakti Sdn. Bhd. is presented as an asset held for sale following the approval of Board of Directors to sell the whole investment in TH Bakti Sdn. Bhd. on 30 May 2013. Efforts to sell the company has commenced, and a sale is expected by June 2014. Asset classified as held for sale is as below:

Assets classified as held for sale	Note	RM'000
Property, plant & equipment	a	34,905
Intangible asset		151
Inventories		41
Trade and other receivables		161
Deposit and prepayment		8
Cash and cash equivalents		15
		<u>35,281</u>
Liabilities classified as held for sale		
Deferred tax liabilities		2,870
Payables and accruals		352
Current tax liabilities		1
		<u>3,223</u>

Note a

Property, plant and equipment held for sale comprise the following:

	RM'000
Cost	36,194
Accumulated depreciation	(1,289)
	<u>34,905</u>

12 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 2013				
External operating revenue	148,907	5,641	-	154,548
Inter-segment revenue	38,159	5,862	(44,021)	-
Total operating revenue	187,066	11,503	(44,021)	154,548
Other income	25,597	-	(24,521)	1,076
	212,663	11,503	(68,542)	155,624
Operating expenses	(114,093)	(7,897)	11,346	(110,644)
Segment results	98,570	3,606	(57,196)	44,980
Other expenses	(9,631)	(1,466)	3,658	(7,439)
Finance costs	(21,159)	-	14,419	(6,740)
Profit before tax	67,780	2,140	(39,119)	30,801
RESULTS FOR 3 MONTHS ENDED 30 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
	459,259	8,144	(265,717)	201,686
Operating expenses	(200,754)	(5,803)	134,053	(72,504)
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 THE YEAR ENDED 31 DECEMBER 2013				
External operating revenue	455,465	17,110	(2,623)	469,952
Inter-segment revenue	134,993	19,764	(154,757)	-
Total operating revenue	590,458	36,874	(157,380)	469,952
Other income	88,514	7	(84,287)	4,234
	678,972	36,881	(241,667)	474,186
Operating expenses	(366,721)	(26,458)	39,417	(353,762)
Segment results	312,251	10,423	(202,250)	120,424
Other expenses	(34,351)	(5,282)	14,367	(25,266)
Finance costs	(72,724)	-	48,609	(24,115)
Profit before tax	205,176	5,141	(139,274)	71,043
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

12 Operating segments (continued)

	Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2013				
Assets that belong to the Group	4,598,422	16,187	(1,437,311)	3,177,298
Total assets	4,598,422	16,187	(1,437,311)	3,177,298
Liabilities that belong to the Group	2,291,786	9,535	(710,004)	1,591,317
Total liabilities	2,291,786	9,535	(710,004)	1,591,317
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

13 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 15.

14 Material Event Subsequent To The Balance Sheet Date

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") which has been issued "izin lokasi" for approximately 11,400 hectares, 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 transaction was completed on 10 January 2014.

15 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	282,485
Plantation development expenditure	74,121
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>
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>
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 have 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.

16 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 26 February 2014.

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

	As at 31.12.2013 RM'000
Approved and contracted for	-
Approved but not contracted for	418,175
	<u>418,175</u>

**For the year
ended
31.12.2013**

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	17,110

Transactions with THP Group

CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	16,612
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication service	850
Syarikat Takaful Malaysia	Related Company	Insurance premium	2,513
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	651

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

19 Review Of Performance

(a) Revenue

(i) Current quarter

For the current quarter ended 31 December 2013, the Group recorded a 56% increase in its revenue compared to the corresponding period last year. For the current quarter, the Group's revenue stood at RM154.55 million (4Q12: RM99.11 million), driven mainly by higher production and sales of CPO and PK as well as higher average commodity prices realised.

Sales Volume

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

Current quarter		Variance	%
2013	2012		
53,097	36,736	16,361	44.54
13,271	8,300	4,971	59.89
12,776	31,131	(18,355)	(58.96)

Average realised prices

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

Current quarter		Variance	%
2013	2012		
2,323	2,038	285	13.98
1,524	1,113	411	36.93
409	310	99	31.94

(ii) Year to date

The Group recorded a 25% increase in its full year revenue of RM469.95 million for the year ended 31 December 2013 compared to the preceding year (FY12: RM375.85 million). The Group's FY2013 double digit growth in production and sales of CPO, catalysed by the land bank acquisitions made in 2012 and early 2013, ensured that the Group's revenue remain robust despite the lower average commodity prices realised for the year 2013.

Sales Volume

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

Year to date		Variance	%
2013	2012		
168,446	99,706	68,740	68.94
40,340	26,060	14,280	54.80
83,094	96,015	(12,921)	(13.46)

Average realised prices

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

Year to date		Variance	%
2013	2012		
2,200	2,661	(462)	(17.35)
1,294	1,602	(308)	(19.24)
362	472	(110)	(23.36)

(b) Profit before tax

(i) Current quarter

Profit before tax for the current quarter ended 31 December 2013 stood at RM30.80 million. Excluding other non-cash and non-operational income of RM101 million recognised in 4Q12 arising from surplus over fair value of net assets acquired, the 4Q13 profit before tax is 101.35% higher than the corresponding period last year. The strong performance can be attributed to higher production and sales of CPO and PK, improved efficiency and economies of scale, as well as higher average realised prices seen in the quarter under review.

(ii) Year to date

Profit before tax for the year ended 31 December 2013 stood at RM71.04 million. Excluding other non-cash and non-operational income of RM101 million recognised in FY12 arising from surplus over fair value of net assets acquired, the FY13 profit before tax is 16.27% lower than the corresponding year.

The impact of lower average selling prices was partially offset by the double digit growth in its CPO and PK production and sales respectively. The Group's lower unit cost of production, on the back of increased operational efficiency and productivity, also contributed to the bottom line. Nevertheless, the Group's profit before tax was impacted by additional costs incurred following the sizeable expansion undertaken in 2012 and early 2013 as following:

- Higher depreciation and amortisation (non-cash expenses)
- Higher administration costs arising from fees and expenses incurred in relation to acquisition exercises
- Higher finance cost due to additional issuance of SUKUK Murabahah amounting to RM510 million of which RM336.11 million was related to acquisition of new subsidiaries

20 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		
		Quarter4	Quarter3	Variance	%
Sales Volume					
Crude palm oil	<i>(Metric tonnes)</i>	53,097	48,568	4,529	9.33
Palm kernel	<i>(Metric tonnes)</i>	13,271	10,632	2,639	24.82
FFB	<i>(Metric tonnes)</i>	12,776	14,971	(2,195)	(14.66)

		2013	2013		
		Quarter4	Quarter3	Variance	%
Average realised prices					
Crude palm oil	<i>(RM/tonne)</i>	2,323	2,209	114	5.16
Palm kernel	<i>(RM/tonne)</i>	1,524	1,222	302	24.71
FFB	<i>(RM/tonne)</i>	409	380	29	7.63

		2013	2013		
		Quarter4	Quarter3	Variance	%
		RM'000	RM'000	RM'000	%
Revenue		154,548	130,146	24,402	18.7
Profit before tax		30,801	27,763	3,038	10.9

Revenue was higher by 18.7% 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.

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

As a result of the acquisitions undertaken in 2012 and 2013, the Group is confident in sustaining growth in its FFB, CPO and PK production in 2014. The Group shall continue to derive improved operational efficiencies and productivity across its operations, as well as explore opportunities to diversify its income stream in the longer term.

Notwithstanding the volatility of commodity prices, the Group is optimistic in being able to achieve improved profit in the coming quarters.

(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 31 December 2013, the Group had achieved 5.47% ROE and FFB production of 23.86 mt/ha which is higher than its targeted yield by 16.39%.

The directors have recommended a final dividend of 3.62 sen per share which is equivalent to approximately 50% of Group's annual net profit after tax and non-controlling interests.

22 Variance Of Actual Profit From Forecast Profit

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

23 Taxation

	Fourth Quarter		Year todate	
	Current Year RM'000	Preceding Year RM'000	Current Year RM'000	Preceding Year RM'000
Current	8,158	5,141	29,099	27,143
Over provision	(1,000)	(177)	1,518	(4,871)
Deferred	(17,012)	12,513	(36,075)	(3,956)
	(9,854)	17,477	(5,458)	18,316

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

The effective tax rate of the Group for the quarter under review is lower than its statutory rate as a result of higher deferred tax recognised arising from unabsorbed capital allowances and unutilised tax losses.

24 Realised and Unrealised Profits

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Realised	580,452	482,400
Unrealised	7,957	28,230
	588,409	510,630
Less: Consolidation adjustments	(177,235)	(161,688)
Total Group retained earnings as per consolidated interim financial statements	411,174	348,942

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.

25 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 15.

26 Quoted Investments

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

27 Status Of Corporate Proposals

There are no other corporate proposals announced other than as disclosed in Note 14.

28 Group Borrowings

As at 31 December 2013, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Loans and borrowings		
Non current		
Secured:		
Flexi Term Financing-i	55,789	28,722
Ijarah Term Financing-i Facility	31,724	41,840
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	200,000	200,000
SUKUK Murabahah Medium Term Notes	710,000	200,000
	<u>997,513</u>	<u>470,562</u>
Current		
Secured:		
Ijarah Term Financing-i Facility	10,000	10,000
Tawarruq Flexi Term Financing-i	-	10,000
	<u>1,007,513</u>	<u>490,562</u>

Maturity analysis

Tenure	Year of maturity	Profit margin %	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	90,784
5-6 years	2018	4.85-6.10	67,000
6-7 years	2019	4.85-5.39	80,029
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	5.88-6.11	90,000
12-13 years	2025	5.98	20,000
13-14 years	2026	6.09	30,000
14-15 years	2027	6.6	200,000
			<u>1,007,513</u>

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. 22-249-98-III(I) (The Court of Appeal Civil Appeal No. Q-01-136-03/2012 and Civil Appeal No. Q- 01-137-03/2012)****The Kuching High Court Civil Suit No. 22-43-2002-I (The Court of Appeal Civil Appeal No. Q-01-166-2011, Civil Appeal No. Q-01-164-2011 and Civil Appeal No. Q-02-756-2011)**

On 23 October 2013, TH PELITA Sadong Sdn Bhd and TH PELITA Gedong Sdn Bhd had filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal. To date, the court has yet to fix the date for hearing of the said application.

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

The Court has fixed 27 March 2014 as the date of hearing in respect of TH PELITA Sadong Sdn Bhd's and TH PELITA Gedong Sdn Bhd's Notice of Appeal against the decision of the Kuching High Court made on 22 August 2013 allowing the Defendant's Application to Strike Out the Plaintiff's Writ of Summons and Statement of Claim.

High Court at Kuantan, Civil Suit No.:22NCVC-64-11/2013**(c) Abdul Aziz Bin Embong And Abdul Aziz Bin Arshad vs Lembaga Tabung Haji and TH Plantations Berhad**

The above Civil Suit via a Writ of Summons and Statement of Claim dated 29 November 2013, had been received by Lembaga Tabung Haji ("LTH") as the 1st Defendant and the Company as the 2nd Defendant on 24 December 2013. The Civil Suit was initiated by Abdul Aziz bin Embong and Ab. Aziz bin Arshad (representing himself and smallholders in Kampung Meripoh, Kampung Lubuk Batu, Kampung Alai and surrounding areas in Mukim Keratong, Daerah Rompin, Negeri Pahang) ("Plaintiffs").

In the Civil Suit, the Plaintiffs are claiming for amongst others;

- a) a declaration that the alleged profit derived from the revenue of palm crop cultivated on the following lands which had been developed and managed by THP as oil palm plantations under a lease given by LTH as the proprietor of the said lands in the sum of RM468,461,563.00 including interest belong to the Plaintiffs and that the Defendants return such sums to the Plaintiff. These lands were alienated to LTH by the State Government of Pahang in 1972 for oil palm development:
 - i) H.S. (D) 3736 (formerly known as H.S. (D) (82)) No. P.T. 288, Mukim Keratong, Daerah Rompin, Negeri Pahang);
 - ii) H.S. (D) 3737 (formerly known as H.S. (D) (83)) No. P.T. 289, Mukim Keratong, Daerah Rompin, Negeri Pahang);
 - iii) H.S. (D) 3782 (formerly known as H.S. (D) (146)) No. P.T. 305, Mukim Keratong, Daerah Rompin, Negeri Pahang);
 - iv) H.S. (D) 3783 (formerly known as H.S. (D) (147)) No. P.T. 306, Mukim Keratong, Daerah Rompin, Negeri Pahang);
 - v) H.S. (D) 1447 No. P.T. 452 Mukim Keratong, Daerah Rompin, Negeri Pahang; and
 - vi) H.S. (D) 1419 No. P.T. 2549, Mukim Keratong, Daerah Rompin, Negeri Pahang. (The registered proprietor is THP).

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

- (b) for an order that a portion of the Lands measuring 2,080 acres be transferred into the names of the Plaintiffs.

The Plaintiffs have alleged that their entitlement to profit and ownership of 2,080 acres of the Lands as set out in (a) and (b) above arose from certain express terms ("syarat nyata") imposed by the State Government of Pahang as conditions for the alienation of the Lands.

THP had in 2005, submitted an application to the State Government of Pahang for these "syarat nyata" to be waived and this application was subsequently approved save for the condition that the Lands can only be utilised for cultivation for oil palm.

The facts and claims under this Civil Suit appear to be similar to a suit which was previously commenced by one Shamsudin Bin Abd Hamid (for himself and on behalf of 300 smallholders in Kampung Kota Bahagia, Kampung Lubuk Batu, Kampung Meripoh and the areas surrounding Mukim Keratong) in Kuala Lumpur High Court Suit No. 22NCVC-1210-10/2012 ("**Shamsudin Suit**"). THP had successfully obtained a Court Order to strike out the Shamsudin Suit on 22 February 2013. The appeal by the Plaintiffs in the Shamsudin Suit against the Court Order dated 22 February 2013 was dismissed with costs by the Court of Appeal on 9 July 2013.

THP has appointed the law firm of Zaid Ibrahim & Co. to act on its behalf and to advise it on the proprietary of the Plaintiffs' claims whereby THP will appropriately instruct its solicitors to vigorously defend the Civil Suit

Save for legal expenses, the Civil Suit has no material financial and operational impact on THP at present. THP is currently collating the relevant information in order to make an assessment of any expected losses arising from the Civil Suit

The Defendants had filed a Statement of Defence on 8 January 2014 and the Court further allowed the Defendants liberty to file a Striking-out Application on or before 22 January 2014.

On 22 January 2014, the Defendants had filed in the Court an Application to Strike-Out the Plaintiff's Statement of Claim ('Striking-Out Application'). The Striking-Out Application is fixed for hearing on 10 March 2014.

31 Earnings Per Share

		UNAUDITED				
		Fourth Quarter		Year To date		
		Current	Preceding	Current	Preceding	
		Year	Year	Year	Year	
(i)	<i>Basic earnings per share</i>					
	Profit attributable to shareholders	RM'000	37,376	104,393	63,107	156,554
	Weighted average number of ordinary shares in issue	'000	880,512	728,356	880,512	728,356
	Basic earnings per share	sen	4.24	14.33	7.17	21.49
(ii)	<i>Diluted earnings per share</i>					
	Profit attributable to shareholders	RM'000	37,376	104,393	63,107	156,554
	Weighted average number of ordinary shares in issue	'000	880,512	728,356	880,512	728,356
	Effect of dilution (ESOS outstanding)	'000	31,827	14,621	31,827	14,621
	Adjusted weighted average number of ordinary shares in issue	'000	912,339	742,977	912,339	742,977
	Diluted earnings per share	sen	4.10	14.05	6.92	21.07

31 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 26 February 2014.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
26 February 2014