

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors have pleasure in announcing the unaudited consolidated results for the year ended 31 December 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	UNAUDITED FOURTH QUARTER		UNAUDITED CUMULATIVE	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Revenue	22 (a)	129,328	98,768	455,304	488,917
Cost of sales		(95,361)	(70,506)	(330,555)	(317,011)
Depreciation and amortisation		(25,054)	(21,419)	(86,626)	(82,194)
Gross profit		<u>8,913</u>	<u>6,843</u>	<u>38,123</u>	<u>89,712</u>
Other income		6,127	13,474	34,310	18,308
Administrative expenses		(7,067)	(5,277)	(18,582)	(17,644)
Other expenses		(7,411)	492	(10,558)	(2,558)
Depreciation		(799)	(1,846)	(2,047)	(2,611)
Zakat expense		152	155	-	(34)
Profit from operations		<u>(85)</u>	<u>13,841</u>	<u>41,246</u>	<u>85,173</u>
Finance costs		(5,732)	(7,575)	(22,532)	(26,962)
Profit before tax	22 (b)	<u>(5,817)</u>	<u>6,266</u>	<u>18,714</u>	<u>58,211</u>
Tax expense	26	5,285	1,975	5,215	1,369
Profit for the period		<u>(532)</u>	<u>8,241</u>	<u>23,929</u>	<u>59,580</u>
Other comprehensive income, net of tax					
Item that are or may be reclassified subsequently to profit and loss, net of tax					
Foreign currency translation differences for foreign operations		(100)	(134)	(367)	(69)
Item that will not be reclassified subsequently to profit and loss, net of tax					
Fair value change in forestry		(5,281)	-	(5,281)	-
Government grant		22,139	-	22,139	-
Other comprehensive income, net of tax		<u>16,758</u>	<u>(134)</u>	<u>16,491</u>	<u>(69)</u>
Total comprehensive income for the period		<u>16,226</u>	<u>8,107</u>	<u>40,420</u>	<u>59,511</u>
Profit attributable to:					
Owners of the Company		44,217	10,441	62,133	48,319
Non-Controlling Interests		(44,749)	(2,200)	(38,204)	11,261
Profit for the period		<u>(532)</u>	<u>8,241</u>	<u>23,929</u>	<u>59,580</u>
Total comprehensive income attributable to:					
Owners of the Company		59,594	10,317	77,224	48,255
Non-Controlling Interests		(43,368)	(2,210)	(36,804)	11,256
Total comprehensive income, net of tax		<u>16,226</u>	<u>8,107</u>	<u>40,420</u>	<u>59,511</u>
Earnings per share (sen) :					
Basic earnings per share	37	<u>5.00</u>	<u>1.18</u>	<u>7.03</u>	<u>5.47</u>
Diluted earnings per share	37	<u>5.00</u>	<u>1.18</u>	<u>7.03</u>	<u>5.45</u>

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31.12.15 RM'000 (unaudited)	As at 31.12.14 RM'000 (restated)	As at 1.1.14 RM'000 (restated)
Assets				
Property, plant & equipment	31	2,546,519	2,250,598	1,961,740
Plantation development expenditure	10	405,595	749,784	845,416
Forestry	11	145,905	-	-
Intangible assets	12	73,265	73,265	73,265
Other investment	13	1,825	22,630	599
Deferred tax assets		85,525	61,665	48,273
Total non-current assets		3,258,634	3,157,942	2,929,293
Inventories		25,661	20,417	25,477
Current tax assets		9,702	6,274	9,499
Other investment	13	4,127	-	-
Trade and other receivables		82,423	83,452	77,335
Prepayments and other assets		3,279	3,718	3,451
Cash and cash equivalents	14	75,590	364,295	145,235
		200,782	478,156	260,997
Assets classified as held for sale		-	-	35,281
Total current assets		200,782	478,156	296,278
Total assets		3,459,416	3,636,098	3,225,571
Equity				
Capital reserve		782,018	782,406	778,081
Retained earnings		487,416	427,528	411,174
Total equity attributable to equity holders of the Company		1,269,434	1,209,934	1,189,255
Non-controlling interests		354,439	403,771	396,726
Total equity		1,623,873	1,613,705	1,585,981
Liabilities				
Loans and borrowings	32	1,128,637	1,089,082	997,513
Deferred income	33	-	22,139	-
Deferred tax liabilities		348,012	347,858	348,290
Trade and other payables		13,037	12,448	11,885
Total non-current liabilities		1,489,686	1,471,527	1,357,688
Current liabilities				
Loan and borrowings	32	106,493	10,000	10,000
Trade and other payables		237,027	538,067	264,963
Current tax liabilities		2,337	2,799	3,716
		345,857	550,866	278,679
Liabilities classified as held for sale		-	-	3,223
Total current liabilities		345,857	550,866	281,902
Total liabilities		1,835,543	2,022,393	1,639,590
Total equity and liabilities		3,459,416	3,636,098	3,225,571
Net tangible assets per share (RM)		1.44	1.37	1.35

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to equity holders of the Company					Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Translation reserve RM'000	Share Option reserve RM'000	Retained earnings RM'000	Non-controlling Interests RM'000	
At 1 January 2014	440,256	417,559	(82,557)	-	2,823	411,174	396,776	1,585,981
Foreign currency translation differences for foreign operations	-	-	-	(64)	-	-	(64)	(69)
Profit for the year	-	-	-	-	-	48,319	11,261	59,580
Total comprehensive income for the year	-	-	-	(64)	-	48,319	11,256	59,511
Issuance of ordinary shares pursuant to ESOS	1,669	3,268	-	-	(493)	-	-	4,444
Adjustment on fair value of ESOS	-	-	-	-	(55)	-	-	(55)
Acquisition of subsidiary	-	-	-	-	-	-	1,211	1,211
Dividends to owners of the Company	-	-	-	-	-	(31,965)	-	(31,965)
Dividends to non-controlling interests	-	-	-	-	-	-	(5,422)	(5,422)
At 31 December 2014	441,925	420,827	(82,557)	(64)	2,275	427,528	403,771	1,613,705
At 1 January 2015	441,925	420,827	(82,557)	(64)	2,275	427,528	403,771	1,613,705
Foreign currency translation differences for foreign operations	-	-	-	(341)	-	-	(26)	(367)
Fair value on forestry	-	-	-	-	-	(6,707)	1,426	(5,281)
Deferred income	-	-	-	-	-	22,139	-	22,139
Other comprehensive income for the year	-	-	-	(341)	-	15,432	1,400	16,491
Profit for the year	-	-	-	-	-	62,133	(38,204)	23,929
Total comprehensive income for the year	-	-	-	(341)	-	77,565	(36,804)	40,420
Issuance of ordinary shares	-	-	-	-	-	-	1,000	1,000
Adjustment on fair value of ESOS	-	-	-	-	(47)	-	-	(47)
Dividends to owners of the Company	-	-	-	-	-	(17,677)	-	(17,677)
Dividends to non-controlling interests	-	-	-	-	-	-	(4,493)	(4,493)
Disposal of subsidiary	-	-	-	-	-	-	(9,035)	(9,035)
At 31 December 2015 (unaudited)	441,925	420,827	(82,557)	(405)	2,228	487,416	354,439	1,623,873

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	FOR THE YEAR ENDED	
		31.12.15 RM'000 (unaudited)	31.12.14 RM'000
Cash flows from operating activities			
Profit before tax		18,714	58,211
Adjustment for non-cash flow items		86,944	95,112
Operating profit before changes in working capital		105,658	153,323
Changes in working capital			
Net changes in working capital		(329,200)	347,058
Cash (used in)/generated from operations		(223,542)	500,381
Finance cost		(22,021)	(39,667)
Profit margin income from short term Islamic deposits and inter-company receivables		4,953	1,758
Tax paid		(22,873)	(28,572)
Tax refund		13,665	3,736
Net cash (used in) / generated from operating activities		(249,818)	437,636
Cash flows from investing activities			
Acquisition of property, plant and equipment		(28,290)	(63,044)
Acquisition of subsidiaries, net of cash and cash equivalents acquired		-	(12,410)
Decrease in deposits pledged		1,923	1,986
Plantation development expenditure		(124,904)	(195,213)
Forestry plantation		(23,568)	-
Proceed from disposal of property, plant and equipment		711	649
Dividend received		-	183
Increase in other investment		16,678	(20,805)
Proceeds from disposal of estates		-	11,000
Proceeds from disposal of subsidiary		16,250	-
Net cash used in investing activities		(141,200)	(277,654)
Cash flows from financing activities			
Repayment of loans and borrowings		(1,057,678)	(11,387)
Dividends paid to owners of the Company		(30,621)	(55,459)
Dividends paid to non-controlling interests		(6,880)	(1,644)
Proceeds from drawdown of loans and borrowings		1,198,415	125,095
Proceeds from issuance of new shares		1,000	4,444
Net cash generated from financing activities		104,236	61,049
Net decrease in cash and cash equivalents		(286,782)	221,031
Cash and cash equivalents at beginning of the year		362,339	141,308
Cash and cash equivalents at end of the year		75,557	362,339
Cash and cash equivalents comprise:			
Deposits	14	61,458	354,946
Cash and bank balances	14	14,132	-
		75,590	354,946
Assets classified as held for sale		-	9,349
		75,590	364,295
Less :			
Deposits pledged		(33)	(1,956)
		75,557	362,339

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

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

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. 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 2014.

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 2014 unless otherwise stated.

3 Estimates

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

In preparing these condensed consolidated interim financial statements, certain judgements made by management in applying the Group's accounting policies and the key sources of estimation, were the same as those applied to the financial statements as at and for the year ended 31 December 2014.

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

(i) Depreciation of estate

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

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

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

(iii) Intangible assets-goodwill

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

(iv) Deferred income

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

(v) Forestry

The fair value of the assets is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

(vi) Contingencies

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

(vi) Deferred tax

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

(vii) Inventories

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

(viii) Valuation of land

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

4 Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the Group's statutory consolidated financial statements for the year ended 31 December 2014 in their report dated 26 February 2015.

5 Seasonal Or Cyclical Factors

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

6 Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity and net income except that as disclosed in Note 11.

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

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

8 Changes In Debt And Equity Securities

The company issued RM140 million SUKUK Murabahah ("SUKUK") with maturity periods of 12 years from the date of issuance at effective profit margin rates of 5.81% to 6.04%

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

9 Dividends

There were no dividends proposed for the year ended 31 December 2015.

10 Plantation development expenditure

	Note	Oil palm RM'000	Rubber RM'000	Total 2015 RM'000	2014 RM'000 restated
At 1 January		635,730	114,054	749,784	845,416
Change in fair value recognise in other comprehensive income		-	(6,949)	(6,949)	-
Less: Transfer to forestry	11	-	(107,105)	(107,105)	-
		635,730	-	635,730	845,416
Additions during the year		128,594	-	128,594	202,331
Effect of movement in exchange rate		3,639	-	3,639	-
Less: Transfer to property, plant and equipment		(362,368)	-	(362,368)	(297,963)
		-	-	-	-
At 31 December		<u>405,595</u>	<u>-</u>	<u>405,595</u>	<u>749,784</u>

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

11 Forestry

	Note	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
At 1 January			
Transfer from plantation development expenditure	10	-	-
Additions during the year		107,105	-
Additions in nurseries		19,298	-
		5,041	-
Change in fair value recognised profit and loss		14,461	-
At 31 December		145,905	-

11.1 Fair value information

Fair value of forestry categorised as follows:

	31.12.2015		31.12.2014	
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Forestry	145,905	145,905	-	-

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

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

12 Intangible assets

	As at 30.12.2015 RM'000	As at 31.12.2014 RM'000
Cost		
Balance at the beginning of year	73,265	73,265
Transfer from assets held for sale	-	151
Derecognition of goodwill	-	(151)
Balance at the end of year	<u>73,265</u>	<u>73,265</u>
Carrying amounts		
Balance at the beginning of year	<u>73,265</u>	<u>73,265</u>
Balance at the end of year	<u>73,265</u>	<u>73,265</u>

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

Value in use of the company was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 31 December 2015 was based on the following key assumptions:

- o Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for a further 25-year period were extrapolated using a constant growth rate of 3% (2014: 3%), which does not exceed the long term average growth rate of the industry. Management believes that this 30-year forecast period is appropriate as it represents one full cycle of the oil palm tree.
- o Price of Fresh Fruit Bunches ("FFB") was determined based on long term pricing of Crude Palm Oil (averaging at RM2,477) and Palm Kernel price (averaging at RM1,660). Oil extraction rate ("OER") (16%) and kernel extraction rate ("KER") (4%) were determined based on past years' trend.
- o A pre-tax discount rate of 12% was applied in determining the recoverable amount of the unit.

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

13 Other investments

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Non-current		
Available-for-sale financial assets	1,920	1,920
Less: Impairment loss	(95)	(95)
	<u>1,825</u>	<u>1,825</u>
Deposits placed with licensed banks	-	20,805
	<u>1,825</u>	<u>22,630</u>
Current		
Deposits placed with licensed banks	4,127	-
At 31 December	<u>5,952</u>	<u>22,630</u>

14 Cash and cash equivalents

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Deposits placed with licensed bank	61,458	354,946
Cash and bank balances	14,132	9,349
	<u>75,590</u>	<u>364,295</u>

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

	Oil Palm Plantation RM'000	Forestry RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2015					
External operating revenue	129,315	-	13	-	129,328
Inter-segment revenue	48,886	-	4,495	(53,381)	-
Total operating revenue	178,201	-	4,508	(53,381)	129,328
Other income	157,169	(323)	-	(150,719)	6,127
	335,370	(323)	4,508	(204,100)	135,455
Operating expenses	(124,453)	-	(6,186)	10,224	(120,415)
Segment results	210,917	(323)	(1,678)	(193,876)	15,040
Other expenses	(16,283)	(1,697)	(1,377)	4,232	(15,125)
Finance costs	(121,044)	(34,553)	-	149,865	(5,732)
Profit before tax	73,590	(36,573)	(3,055)	(39,779)	(5,817)
RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2014					
External operating revenue	98,768	-	-	-	98,768
Inter-segment revenue	45,814	-	4,266	(50,080)	-
Total operating revenue	144,582	-	4,266	(50,080)	98,768
Other income	51,137	(872)	-	(36,791)	13,474
	195,719	(872)	4,266	(86,871)	112,242
Operating expenses	(91,561)	-	(7,373)	7,009	(91,925)
Segment results	104,158	(872)	(3,107)	(79,862)	20,317
Other expenses	(7,120)	(288)	(2,320)	3,252	(6,476)
Finance costs	(21,795)	(9,654)	-	23,874	(7,575)
Profit before tax	75,243	(10,814)	(5,427)	(52,736)	6,266
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015					
External operating revenue	455,270	-	34	-	455,304
Inter-segment revenue	99,707	-	17,920	(117,627)	-
Total operating revenue	554,977	-	17,954	(117,627)	455,304
Other income	218,986	21,496	-	(206,172)	34,310
	773,963	21,496	17,954	(323,799)	489,614
Operating expenses	(421,198)	-	(29,305)	33,322	(417,181)
Segment results	352,765	21,496	(11,351)	(290,477)	72,433
Other expenses	(37,620)	(2,120)	(5,439)	13,992	(31,187)
Finance costs	(183,773)	(34,553)	-	195,794	(22,532)
Profit before tax	131,372	(15,177)	(16,790)	(80,691)	18,714
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014					
External operating revenue	488,199	-	718	-	488,917
Inter-segment revenue	102,469	-	19,277	(121,746)	-
Total operating revenue	590,668	-	19,995	(121,746)	488,917
Other income	124,617	1	-	(106,310)	18,308
	715,285	1	19,995	(228,056)	507,225
Operating expenses	(405,120)	-	(26,573)	32,488	(399,205)
Segment results	310,165	1	(6,578)	(195,568)	108,020
Other expenses	(30,625)	(523)	(6,039)	14,340	(22,847)
Finance costs	(89,752)	(9,654)	-	72,444	(26,962)
Profit before tax	189,788	(10,176)	(12,617)	(108,784)	58,211
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2015					
Assets that belong to the Group	5,409,964	179,359	16,241	(2,146,148)	3,459,416
Total assets	5,409,964	179,359	16,241	(2,146,148)	3,459,416
Liabilities that belong to the Group	2,938,431	126,594	31,906	(1,261,388)	1,835,543
Total liabilities	2,938,431	126,594	31,906	(1,261,388)	1,835,543
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2014					
Assets that belong to the Group	5,253,305	132,235	16,340	(1,765,782)	3,636,098
Total assets	5,253,305	132,235	16,340	(1,765,782)	3,636,098
Liabilities that belong to the Group	2,845,945	94,835	19,217	(937,604)	2,022,393
Total liabilities	2,845,945	94,835	19,217	(937,604)	2,022,393

16 Valuation Of Property, Plant And Equipment

There was no valuation of the property, plant and equipment in the current quarter under review except as disclosed in Note 11.

17 Material Event Subsequent To The Balance Sheet Date

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

18 Changes In The Composition Of The Group

On 30 December 2015, The Group has disposed assets and liabilities of TH Bakti which has been satisfied via disposing 70% shares in TH Bakti for a total sales consideration of RM16.28 million.

Effect of disposal on the financial position of the Group

	RM'000
Other receivables	35,618
Cash and cash equivalents	26
Other payables	(11,524)
Current tax liabilities	<u>(112)</u>
	24,008
Non- Controlling interest	<u>(9,035)</u>
Net assets and liabilities	14,973
Gain on disposal	<u>1,303</u>
Consideration received	16,276
Less: cash and balances	<u>(26)</u>
Net cash inflow	<u><u>16,250</u></u>

19 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 29 February 2016.

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

	As at 31.12.2015
	RM'000
Approved and contracted for	-
Approved but not contracted for	270,006
	<u>270,006</u>

21 Material Related Party Transactions

	For the year ended 31.12.2015
--	-------------------------------------

Transactions with THP

Transacting Parties	Relationship	Nature of transactions	RM'000
Lembaga Tabung Haji	Holding Corporation	Lease of land	2,662
Lembaga Tabung Haji	Holding Corporation	Rental of office	1,932

Transactions with THP Group

CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	20,271
Syarikat Takaful Malaysia	Related Company	Insurance premium	2,884
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication services	525
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	556

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

22 Review Of Performance

(a) Revenue

(i) Current quarter

For the current quarter ended 31 December 2015, the Group's revenue stood at RM129.33 million (4Q14: RM98.77 million), a 31% increase compared to the corresponding period last year. This increase is mainly attributed to higher sales volumes as well as higher average realised prices of CPO, PK and FFB.

		Fourth quarter			
		2015	2014	Variance	%
Sales Volume					
Crude palm oil	(Metric tonnes)	51,063	40,544	10,519	25.94
Palm kernel	(Metric tonnes)	11,969	9,756	2,213	22.68
FFB	(Metric tonnes)	10,485	8,177	2,308	28.23

		Fourth quarter			
		2015	2014	Variance	%
Average realised prices					
Crude palm oil	(RM/tonne)	2,070	2,041	29	1.42
Palm kernel	(RM/tonne)	1,611	1,351	260	19.25
FFB	(RM/tonne)	412	345	67	19.42

(ii) Year to date

The Group recorded revenue of RM455.30 million for the year ended 31 December 2015, a decrease of 7% compared to the corresponding period last year (FY14: RM488.92 million), mainly attributed to lower average realised prices of CPO, PK and FFB.

		Year to date			
		2015	2014	Variance	%
Sales Volume					
Crude palm oil	(Metric tonnes)	174,964	169,353	5,611	3.31
Palm kernel	(Metric tonnes)	39,345	37,792	1,553	4.11
FFB	(Metric tonnes)	80,146	96,740	(16,594)	(17.15)

		Year to date			
		2015	2014	Variance	%
Average realised prices					
Crude palm oil	(RM/tonne)	2,081	2,277	(196)	(8.61)
Palm kernel	(RM/tonne)	1,545	1,651	(106)	(6.42)
FFB	(RM/tonne)	379	414	(35)	(8.45)

(b) Profit before tax

(i) Current quarter

Despite the higher revenues, Profit Before Tax for the current quarter ended 31 December 2015 was lower by 193% compared to the corresponding quarter last year, mainly attributed to higher operating expenses. In addition, the Group recorded significant and non-recurring other income in the corresponding quarter last year.

(ii) Year to date

The Group recorded Profit Before Tax of RM18.71 million for the year ended 31 December 2015, a decrease of 68% compared to the corresponding period last year (FY14: RM58.21 million), mainly attributed to significantly lower gross profit given the challenges faced by the industry.

23 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:

		2015			
		Quarter 4	Quarter 3	Variance	%
Sales Volume					
Crude palm oil	(Metric tonnes)	51,063	52,269	(1,206)	(2.31)
Palm kernel	(Metric tonnes)	11,969	11,465	504	4.40
FFB	(Metric tonnes)	10,485	32,324	(21,839)	(67.56)

		2015			
		Quarter 4	Quarter 3	Variance	%
Average realised prices					
Crude palm oil	(RM/tonne)	2,070	2,036	34	1.67
Palm kernel	(RM/tonne)	1,611	1,339	272	20.31
FFB	(RM/tonne)	412	361	51	14.13

		2015			
		Quarter 4	Quarter 3	Variance	%
Revenue	RM'000	129,328	133,492	(4,164)	(3.12)
Profit before tax		(5,817)	14,971	(20,788)	(138.86)

Compared to the preceding quarter, revenue for the fourth quarter ended 31 December 2015 was lower by 3%. This is mainly contributed by lower sales volume despite higher average prices realised. Profit before tax was lower mainly due to lower revenue and higher other expenses by RM10.9 million.

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

The palm oil sector continues to face significant challenges in 2016. Although CPO prices are currently being supported by the anticipated impact of El Nino, the industry is still affected by sluggish demand, high-stockpile, currency fluctuation and geo-political issues. All these factors are expected to weigh further on the industry, and negatively impact the operational and financial performance of palm oil players. Amidst these challenges, the Group remains steadfast in carrying out comprehensive austerity measures and enhancing its productivity and efficiency throughout its operations. The Board is of the view that the long-term fundamentals of the palm oil sector remain attractive despite the near term headwinds. As such, the Group remains focused in carrying out its long-term development and consolidation plans to harness the immense potential of the sector in the longer term.

(b) Projection of Targets Previously Announced

On 8 May 2015, the Group announced its 2015 targets which were to achieve 5.50% return on equity ("ROE"), 21.15 mt/ha FFB yield per matured hectare and to distribute approximately 50% of the Group's annual net profit after tax and minority interests ("PATAMI") as dividend.

i) As at 31 December 2015, the Group achieved an annualised ROE of 5.01% while its FFB yield per matured hectare stood at 18.17/ha (2015 target of 21.15 mt/ha). The Group deems the performance satisfactory given the challenges that impacted the industry were more severe than initially anticipated due to the prolonged drought predominantly in Sabah and Sarawak.

ii) The Board of Directors does not recommend any dividend for the financial year ended 31 December 2015.

For the year 2016, the Group is in the midst of finalising its key targets to be achieved and will announce these targets in due course.

25 Variance Of Actual Profit From Forecast Profit

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

26 Taxation

	Fourth Quarter		Year to date	
	Current Year RM'000	Preceding Year RM'000	Current Year RM'000	Preceding Year RM'000
Current	5,544	2,292	15,811	22,465
Over provision	1,012	13	1,012	(4,350)
Deferred	(11,841)	(4,280)	(22,038)	(19,484)
	<u>(5,285)</u>	<u>(1,975)</u>	<u>(5,215)</u>	<u>(1,369)</u>

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

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

27 Realised and Unrealised Profits

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000 (restated)
Realised	701,506	735,986
Unrealised	44,952	(12,015)
	<u>746,458</u>	<u>723,971</u>
Less: Consolidation adjustments	(259,042)	(296,443)
Total Group retained earnings as per consolidated interim financial statements	<u>487,416</u>	<u>427,528</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.

28 Unquoted Investments And/Or Properties

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

29 Quoted Investments

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

30 Status Of Corporate Proposals

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

31 Property, Plant and Equipment ("PPE")

As at 31 December 2015, 8,205 hectares of oil palm estates have reached maturity and reclassified as PPE.

32 Group Borrowings

As at 31 December 2015, total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Loans and borrowings		
Non current		
Secured:		
Flexi Term Financing-i	43,715	54,258
Ijarah Term Financing-i Facility	7,768	21,868
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	-	200,000
SUKUK Murabahah Medium Term Notes	1,060,000	800,000
Term loan - Forest Plantation Development	<u>17,154</u>	<u>12,956</u>
	<u>1,128,637</u>	<u>1,089,082</u>
Current		
Secured:		
Flexi Term Financing-i	9,000	-
SUKUK Murabahah Medium Term Notes	80,000	-
Ijarah Term Financing-i Facility	12,000	10,000
Unsecured:		
Islamic Trade Financing-i	5,493	-
	<u>1,235,130</u>	<u>1,099,082</u>

Maturity analysis

Tenure	Year of maturity	Profit margin %	Amount Non Current RM'000
Below 1 year	2016	4.97-6.5	106,493
1-2 years	2017	4.67-6.5	90,768
2-3 years	2018	4.55-6.60	67,000
3-4 years	2019	5.35-5.44	83,715
4-5 years	2020	5.44	75,000
5-6 years	2021	5.56	75,000
6-7 years	2022	5.56	75,000
7-8 years	2023	5.8	105,000
8-9 years	2024	5.93	110,000
9-10 years	2025	5.93-6.16	110,000
10-11 years	2026	6.14-6.21	120,000
11-12 years	2027	6.65	200,000
12-13 years	2028	-	-
13-14 years	2029	3*	<u>17,154</u>
			<u>1,235,130</u>

* Soft loan granted by Forest Plantation Development

33 Deferred income

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Government grant		
At 1 January	22,139	-
Fair value on government grant	5,180	22,139
Fair value recognised in profit and loss	(5,180)	-
Fair value recognised in other comprehensive income	<u>(22,139)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>22,139</u>

A subsidiary of the Company received a government grant in 2014 which was conditional upon managing, planting and silvicultural treatment of the Timber Species within the Plantable Area and further to undertake tapping (for rubber species), cutting, collecting, removing and/or selling the Planted Timber Trees.

The government grant is a loan received from a government agency at interest rate which is below market rates. The loan is recognised and measured at fair value. The benefit of the lower interest and longer repayment period is recognised as a government grant. The term financing received during the year has been fair valued based on discounted cash flows using a rate based on the current market rate of borrowing at reporting date. The repayment of the loan is estimated to be made after 15 years.

34 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.

35 Material Litigation

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

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

36 Comparative figures

Nurseries, deferred tax assets and deferred tax liabilities has been reclassified to conform with the current financial year presentation. The effect of reclassification are disclosed below:

	31.12.2014		01.01.2014	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Plantation development expenditure	749,784	730,128	845,416	831,655
Inventories	20,417	40,073	25,477	39,238
Deferred tax assets	61,665	-	48,273	-
Deferred tax liabilities	347,858	286,193	348,290	300,017

The above reclassification does not have any impact on the earnings of the Group.

37 Earnings Per Share

		UNAUDITED FOURTH QUARTER		UNAUDITED CUMULATIVE QUARTER	
		Current Year	Preceding Year (Restated)	Current Year	Preceding Year (Restated)
(i) Basic earnings per share					
Profit attributable to shareholders	RM'000	<u>44,217</u>	<u>10,441</u>	<u>62,133</u>	<u>48,319</u>
Weighted average number of ordinary shares in issue	'000	<u>883,851</u>	<u>883,140</u>	<u>883,851</u>	<u>883,140</u>
Basic earnings per share	sen	<u>5.00</u>	<u>1.18</u>	<u>7.03</u>	<u>5.47</u>
(ii) Diluted earnings per share					
Profit attributable to shareholders	RM'000	<u>44,217</u>	<u>10,441</u>	<u>62,133</u>	<u>48,319</u>
Weighted average number of ordinary shares in issue	'000	<u>883,851</u>	<u>883,140</u>	<u>883,851</u>	<u>883,140</u>
Effect of dilution (ESOS outstanding)	'000	<u>-</u>	<u>2,687</u>	<u>-</u>	<u>2,687</u>
Adjusted weighted average number of ordinary shares in issue	'000	<u>883,851</u>	<u>885,827</u>	<u>883,851</u>	<u>885,827</u>
Diluted earnings per share	sen	<u>5.00</u>	<u>1.18</u>	<u>7.03</u>	<u>5.45</u>

38 Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29 February 2016.

**By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary**

**Kuala Lumpur
29 February 2016**