TH PLANTATIONS BERHAD (12696-M)

MEDIA RELEASE

TH PLANTATIONS REPORTS NET PROFIT OF RM23.51 MILLION FOR THIRD QUARTER FY2016

- **Revenue increases 28%**
- **Profit before tax higher by 70%**
- **Profit after tax higher by 83%**

KUALA LUMPUR, 28th November 2016 – TH Plantations Berhad ("THP" or the "Group") announced its third quarter ("3QFY2016") financial results today, reporting a 3QFY2016 net profit of RM23.51 million, an increase of 83% from the corresponding period last year, on the back of RM170.31 million revenue. The Group recorded a pre-tax profit of RM25.50 million, an increase of 70% from the same period last year.

"Commodity prices continue to trade at encouraging levels, supported by lower production across the industry, depleting stocks, weaker currencies and possibly higher biodiesel mandates. Higher Crude Palm Oil ("CPO") and Palm Kernel ("PK") prices more than offset the effects of lower production and yields, which continue to suffer from the lagged effect of El Nino. Nevertheless, we are encouraged to see significant improvement in production on a quarter to quarter basis, with 3QFY2016 Fresh Fruit Bunches ("FFB") production growing by 31% compared to the previous quarter this year. This marked improvement may be an indication of stronger recovery in production, and we hope that it will continue to recover in the coming quarters," said Dato' Sri Zainal Azwar bin Zainal Aminuddin, Chief Executive Officer and Executive Director of THP.

Revenue for 3QFY2016 grew by 28%, boosted mainly by higher sales prices of CPO and PK. On average, the Group's trading price for CPO was RM2,559 per metric tonne, 23% higher than the same period last year. PK traded at about RM2,456 per metric tonne, almost 85% higher than the comparative quarter last year. The Group's average realised CPO selling price was RM2,451 per metric tonne while its average realised PK selling price was RM2,405 per metric tonne, increasing 20% and 80% respectively. 3QFY2016 FFB production declined by 7% compared to last year to 234,005 metric tonnes, while PK production fell by 9% to 11,029 metric tonnes in 3QFY2016.

For the first nine months of the year ended 30 September 2016 ("9MFY2016"), the Group reported a net profit of RM23.91 million and revenue of RM392.23 million. The Group's FFB production declined by 5% compared to the same period last year to 552,240 metric tonnes, but average realised selling prices of CPO and PK increased by 15% and 46% from last year to RM2,391 and RM2,212 per metric tonne respectively, contributing to the Group's improved profit margins.

He added, “We have remained resilient amidst the challenges faced by the industry. Lower production hit us hard, particularly in the first quarter of this year, but we are pleased to report that our overall production to date has not been as significantly impacted as compared to other industry players. This is a result of our growth strategy, from which we see a steady stream of new areas coming into maturity throughout these few years, somewhat compensating the effects of weather on production. Of course in the initial stages of maturity the yields of these areas are inevitably lower, but their contribution has helped us take advantage of the high commodity price environment and boost revenues.”

The Group also recently announced the disposal of its subsidiary THP Gemas Sdn. Bhd., which owns three estates and a palm oil mill in the state of Negeri Sembilan. This disposal is part of the Group’s rationalisation initiative to divest its non-core assets and is expected to be completed before the year ends.

Dato’ Sri Zainal Azwar further added, “This exercise is part of our strategy to consolidate our core plantation assets in a more focused and strategic manner, as well as demonstrates our commitment to deliver value to our shareholders. The proceeds of the disposal will be utilised towards paring down our borrowings and reducing our gearing level in the medium term.”

The Group is focused on cultivating growth and setting the stage to benefit from the higher demand for palm oil with its enlarged land bank. Through a structured development and replanting programme carried out in the past few years, the Group’s area planted with oil palm now spans over 60,000 hectares spread throughout Malaysia, at an average age of 10 years. Approximately 60% of the Group’s mature area is made up of young estates, with more coming into maturity in the next two to three years, promising a steady revenue growth in coming years. The Group’s yield and oil extraction rate improvement programmes are also ongoing, while its consolidation of brownfield acquisitions is progressing well.

End

About TH Plantations Berhad

THP is a subsidiary of ***TH***, incorporated on the 28 August 1972 and listed on the main board of Bursa Malaysia Securities Berhad on 27 April 2006. Its principal activities are investment holding, cultivation of oil palm, processing of FFB, marketing of CPO, palm kernel and FFB.

As at 30 September 2016, the Group has approximately 97,000 hectares of land located in Pahang, Johor, Negeri Sembilan, Terengganu, Sabah and Sarawak, of which about 60,000 hectares have been planted with oil palm. Additionally, the Group owns about 8,000 hectares of greenfield land in Kalimantan, Indonesia. To diversify its income stream in coming years, approximately 6,000 hectares of its land bank have been planted with rubber and more are in the course of planting.

The Group also owns and operates seven palm oil mills located in Johor, Pahang, Negeri Sembilan, Sabah and Sarawak with a total FFB processing capacity of 1,350,000 metric tonnes per annum.

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