

## TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

The Directors have pleasure in announcing the unaudited consolidated results for the first quarter ended 31 March 2015.

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	UNAUDITED FIRST QUARTER	
		CURRENT YEAR 31.03.15 RM'000	PRECEDING YEAR 31.03.14 RM'000 (Restated)
<b>Revenue</b>	21 (a)	<b>82,304</b>	<b>124,246</b>
Cost of sales		<b>(65,416)</b>	<b>(81,866)</b>
Depreciation and amortisation		<b>(16,012)</b>	<b>(20,025)</b>
<b>Gross profit</b>		<b>876</b>	<b>22,355</b>
Other income		<b>11,977</b>	<b>1,022</b>
Administrative expenses		<b>(2,928)</b>	<b>(3,776)</b>
Other expenses		<b>(527)</b>	<b>(630)</b>
Depreciation		<b>(384)</b>	<b>(231)</b>
Zakat expense		<b>(129)</b>	<b>(189)</b>
<b>Profit from operations</b>		<b>8,885</b>	<b>18,551</b>
Finance costs		<b>(8,565)</b>	<b>(6,535)</b>
<b>Profit before tax</b>	21 (b)	<b>320</b>	<b>12,016</b>
Tax expense	25	<b>4,771</b>	<b>(3,607)</b>
<b>Profit for the period</b>		<b>5,091</b>	<b>8,409</b>
<b>Other comprehensive income, net of tax</b>			
Foreign currency translation differences for foreign operations		<b>(35)</b>	<b>-</b>
<b>Other comprehensive income, net of tax</b>		<b>(35)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>5,056</b>	<b>8,409</b>
<b>Profit attributable to:</b>			
Owners of the Company		<b>6,579</b>	<b>5,706</b>
Non-Controlling Interests		<b>(1,488)</b>	<b>2,703</b>
<b>Profit for the period</b>		<b>5,091</b>	<b>8,409</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>6,541</b>	<b>5,706</b>
Non-Controlling Interests		<b>(1,485)</b>	<b>2,703</b>
<b>Total comprehensive income for the period</b>		<b>5,056</b>	<b>8,409</b>
<b>Earnings per share (sen) :</b>			
Basic earnings per share	35	<b>0.74</b>	<b>0.65</b>
Diluted earnings per share	35	<b>0.74</b>	<b>0.63</b>

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 31.3.15 RM'000 (unaudited)	As at 31.12.14 RM'000 (Restated)	As at 31.12.13 RM'000 (Restated)
<b>Assets</b>				
Property, plant & equipment	30	2,590,544	2,250,598	1,961,740
Plantation development expenditure-Oil Palm		302,002	626,471	765,091
Plantation development expenditure-Timber	10	121,335	108,373	70,715
Intangible assets	11	73,265	73,265	73,265
Other investment	12	22,223	22,630	599
<b>Total non-current assets</b>		<b>3,109,369</b>	<b>3,081,337</b>	<b>2,871,410</b>
Inventories		37,547	40,073	39,238
Current tax assets		8,483	6,274	9,499
Trade and other receivables		71,698	83,452	77,335
Prepayments and other assets		3,423	3,718	3,451
Cash and cash equivalents	13	83,241	364,295	145,235
		204,392	497,812	274,758
Assets classified as held for sale		-	-	35,281
<b>Total current assets</b>		<b>204,392</b>	<b>497,812</b>	<b>310,039</b>
<b>Total assets</b>		<b>3,313,761</b>	<b>3,579,149</b>	<b>3,181,449</b>
<b>Equity</b>				
Capital reserve		782,368	782,406	778,081
Retained earnings		437,678	431,099	414,376
<b>Total equity attributable to equity holders of the Company</b>		<b>1,220,046</b>	<b>1,213,505</b>	<b>1,192,457</b>
<b>Non-controlling interests</b>		<b>402,299</b>	<b>403,784</b>	<b>396,679</b>
<b>Total equity</b>		<b>1,622,345</b>	<b>1,617,289</b>	<b>1,589,136</b>
<b>Liabilities</b>				
Loans and borrowings	31	1,092,064	1,089,082	997,513
Deferred income	32	22,139	22,139	-
Deferred tax liabilities		280,725	287,325	301,013
Trade and other payables		12,596	12,448	11,885
<b>Total non-current liabilities</b>		<b>1,407,524</b>	<b>1,410,994</b>	<b>1,310,411</b>
<b>Current liabilities</b>				
Loan and borrowings	31	10,000	10,000	10,000
Trade and other payables		273,145	538,067	264,963
Current tax liabilities		747	2,799	3,716
		283,892	550,866	278,679
Assets classified as held for sale		-	-	3,223
<b>Total current liabilities</b>		<b>283,892</b>	<b>550,866</b>	<b>281,902</b>
<b>Total liabilities</b>		<b>1,691,416</b>	<b>1,961,860</b>	<b>1,592,313</b>
<b>Total equity and liabilities</b>		<b>3,313,761</b>	<b>3,579,149</b>	<b>3,181,449</b>
<b>Net tangible assets per share (RM)</b>		<b>1.38</b>	<b>1.37</b>	<b>1.35</b>

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 FIRST QUARTER ENDED 31 MARCH 2015

	Attributable to equity holders of the Company						Total RM'000	Non-controlling Interests RM'000	Total RM'000
	Non-distributable					Distributable			
	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			
<b>At 1 January 2014</b>									
-As previously stated	440,256	417,559	(82,557)	-	2,823	411,174	1,189,255	396,726	1,585,981
-Effect of changes in accounting policies						3,202	3,202	(47)	3,155
<b>At 1 January 2014, restated</b>	<b>440,256</b>	<b>417,559</b>	<b>(82,557)</b>	<b>-</b>	<b>2,823</b>	<b>414,376</b>	<b>1,192,457</b>	<b>396,679</b>	<b>1,589,136</b>
Foreign currency translation differences for foreign operations	-	-	-	(64)	-	-	(64)	(5)	(69)
Profit for the year	-	-	-	-	-	48,688	48,688	11,321	60,009
<b>Total comprehensive income for the quarter</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(64)</b>	<b>-</b>	<b>48,688</b>	<b>48,624</b>	<b>11,316</b>	<b>59,940</b>
Issuance of ordinary shares pursuant to ESOS	1,669	3,268	-	-	(493)	-	4,444	-	4,444
Adjustment on fair value of ESOS	-	-	-	-	(55)	-	(55)	-	(55)
Acquisition of subsidiary	-	-	-	-	-	-	-	1,211	1,211
Dividends to owners of the Company	-	-	-	-	-	(31,965)	(31,965)	-	(31,965)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(5,422)	(5,422)
<b>At 31 December 2014, restated</b>	<b>441,925</b>	<b>420,827</b>	<b>(82,557)</b>	<b>(64)</b>	<b>2,275</b>	<b>431,099</b>	<b>1,213,505</b>	<b>403,784</b>	<b>1,617,289</b>
<b>At 1 January 2015</b>	<b>441,925</b>	<b>420,827</b>	<b>(82,557)</b>	<b>(64)</b>	<b>2,275</b>	<b>431,099</b>	<b>1,213,505</b>	<b>403,784</b>	<b>1,617,289</b>
Foreign currency translation differences for foreign operations	-	-	-	(38)	-	-	(38)	3	(35)
Profit for the year	-	-	-	-	-	6,579	6,579	(1,488)	5,091
<b>Total comprehensive income for the quarter</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38)</b>	<b>-</b>	<b>6,579</b>	<b>6,541</b>	<b>(1,485)</b>	<b>5,056</b>
Issuance of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-	-	-
Adjustment on fair value of ESOS	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-
<b>At 31 March 2015 (unaudited)</b>	<b>441,925</b>	<b>420,827</b>	<b>(82,557)</b>	<b>(102)</b>	<b>2,275</b>	<b>437,678</b>	<b>1,220,046</b>	<b>402,299</b>	<b>1,622,345</b>

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 FIRST QUARTER ENDED 31 MARCH 2015**

	Note	FOR THE FIRST QUARTER ENDED	
		31.03.15 RM'000 (unaudited)	31.3.14 RM'000 (Restated)
<b>Cash flows from operating activities</b>			
Profit before tax		320	12,016
Adjustment for non-cash flow items		13,503	26,372
Operating profit before changes in working capital		<u>13,823</u>	<u>38,388</u>
Changes in working capital			
Net changes in working capital		(252,363)	5,582
<b>Cash (used in)/generated from operations</b>		<u>(238,540)</u>	<u>43,970</u>
Finance cost		(13,995)	(14,025)
Profit margin income from short term Islamic deposits and inter-company receivables		2,640	148
Tax paid		(6,083)	(7,122)
Tax refund		7,438	3,693
<b>Net cash (used in) / generated from operating activities</b>		<u>(248,540)</u>	<u>26,664</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(3,244)	(6,569)
Acquisition of subsidiaries, net of cash and cash equivalents acquired		-	(12,622)
Decrease in deposits pledged		272	1,083
Plantation development expenditure		(32,634)	(34,954)
Decrease in other investment		408	-
<b>Net cash used in investing activities</b>		<u>(35,198)</u>	<u>(53,062)</u>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		(550)	-
Dividends paid to owners of the Company		(1)	(1)
Proceeds from loan drawdown		3,507	106
Proceeds from issuance of new shares		-	3,093
<b>Net cash generated from financing activities</b>		<u>2,956</u>	<u>3,198</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(280,782)</u>	<u>(23,200)</u>
<b>Cash and cash equivalents at beginning of the year</b>		<u>362,339</u>	<u>141,308</u>
<b>Cash and cash equivalents at end of the period</b>		<u>81,557</u>	<u>118,108</u>
<b>Cash and cash equivalents comprise:</b>			
Deposits	13	71,768	96,928
Cash and bank balances	13	11,473	23,995
		<u>83,241</u>	<u>120,923</u>
Assets classified as held for sale		-	44
		<u>83,241</u>	<u>120,967</u>
Less :			
Deposits pledged		(1,684)	(2,859)
		<u>81,557</u>	<u>118,108</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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**

Except as described below, 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.

**a) Accounting for timber plantation**

On 1 January 2015, the Group changed its accounting policy with respect to the subsequent measurement of timber plantation from the cost model to the fair value model, with changes in fair value recognised in profit or loss. The Group believes that subsequent measurement using the fair value model provides more relevant information about the financial performance of these assets, assists users to better understand the risks associated with these assets and is consistent with industry practice in relation to such type of assets.

This change in accounting policy was applied retrospectively. The following table summarises the transitional adjustments made to the statement of financial position upon implementation of the new accounting policy:

	<b>Timber Plantation RM'000</b>
Balance as reported at 1 January 2014 at cost	66,564
Effect of revaluation on 1 January 2014	4,151
Restated balance at 1 January 2014 at fair value	<u>70,715</u>
Balance as reported at 31 December 2014 at cost	103,657
Effect of revaluation on 31 December 2014	4,716
Restated balance at 31 December 2014 at fair value	<u>108,373</u>

The effect on the statement of comprehensive income is as follows:

	<b>As at 31.12.2014 RM'000</b>	<b>As at 1.1.2014 RM'000</b>
Change in fair value of timber	565	4,151
Increase in income tax expenses	(136)	(996)
Effect on profit and loss	<u>429</u>	<u>3,155</u>

The effect on the financial position as follows:

	<b>Deferred tax liabilities RM'000</b>	<b>Retained earnings/ profit or loss RM'000</b>
Balance as reported at 1 January 2014	300,017	411,174
Effect of revaluation on 1 January 2014	996	3,202
Restated balance at 1 January 2014	<u>301,013</u>	<u>414,376</u>
Balance as reported at 31 December 2014	286,193	427,528
Effect of revaluation on 31 December 2014	1,132	3,571
Restated balance at 31 December 2014	<u>287,325</u>	<u>431,099</u>

### **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  
Determination of the rate to be used to depreciate the estate is based on the general rule of the normal palm oil trees production trend after consulting internal agronomist.
- (ii) Intangible assets-goodwill  
Measurement of recoverable amounts of cash generating units.
- (iii) Government grant  
Government grant. Fair value of the government grant are estimated based on Company's financing rate and estimation of the repayment period based on loan facility agreement.
- (iv) 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.
- (v) Timber  
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.

### **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 2.

### **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**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the quarter todate.

### **9 Dividends**

There were no dividends paid during the first quarter ended 31 March 2015.

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000 (Restated)
At 1 January	108,373	70,715
Additions	3,964	37,093
Change in fair value recognised in profit and loss	8,998	565
	<u>121,335</u>	<u>108,373</u>

### 10.1 Fair value information

Fair value of timber categorised as follows:

	31.03.2015		31.12.2014	
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Timber	8,998	8,998	565	565

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 assets, taking into account expected yield growth rate, future development costs and price based on RM200 per cubic metre. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the assets.</i></p>	<ul style="list-style-type: none"> <li>• Expected yield growth (5%).</li> <li>• Expected future development costs (RM1,170/Ha- RM1,200/Ha)</li> <li>• Price of timber per cubic metre (RM200/m3).</li> <li>• Risk-adjusted discount rates (10%).</li> </ul>	<p><i>The estimated fair value would increase (decrease) if:</i></p> <ul style="list-style-type: none"> <li>• expected yield growth were higher (lower);</li> <li>• expected future development costs were higher (lower);</li> <li>• Price were higher (lower); or</li> <li>• risk-adjusted discount rates were higher (lower).</li> </ul>

#### Valuation processes applied by the Group for Level 3 fair value

*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. The valuation company provides the fair value of the Group's timber portfolio every six months. Changes in Level 3 fair values are analysed by the management every six months after obtaining valuation report from the valuation company.*

**11 Intangible assets**

	<b>As at 31.03.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
<b>Cost</b>		
Balance at the beginning of year	73,265	73,265
Transfer from assets held for sale	-	151
Derecognition of goodwill	-	(151)
<b>Balance at the end of year</b>	<u>73,265</u>	<u>73,265</u>
<b>Carrying amounts</b>		
<b>Balance at the beginning of year</b>	<u>73,265</u>	<u>73,265</u>
<b>Balance at the end of year</b>	<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 March 2015 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 Price of FFB was determined based on long term pricing of CPO and PK price of RM2,300/mt and RM1,500/mt.
- o Oil extraction rate ("OER") and kernel extraction rate ("KER") were determined based on past years' trend.
- o Cost of production growth were determined based on past years' trend.
- o A pre-tax discount rate of 10% 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 plantation industry and are based on both external sources and internal historical data.

**12 Other investments**

	<b>As at 31.03.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
<b>Unquoted shares</b>		
Available-for-sale financial assets	1,920	1,920
Less: Impairment loss	<u>(95)</u>	<u>(95)</u>
	1,825	1,825
Deposits placed with licensed banks	<u>20,398</u>	<u>20,805</u>
	<u>22,223</u>	<u>22,630</u>

**13 Cash and cash equivalents**

	<b>As at 31.03.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
Deposits placed with licensed bank	71,768	354,946
Cash and bank balances	<u>11,473</u>	<u>9,349</u>
	<u>83,241</u>	<u>364,295</u>



**14 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.

	Oil Palm Plantation RM'000	Timber Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
<b>RESULTS FOR 3 MONTHS ENDED 31 MARCH 2015</b>					
External operating revenue	82,304	-	-	-	82,304
Inter-segment revenue	11,601	-	3,579	(15,180)	-
Total operating revenue	93,905	-	3,579	(15,180)	82,304
Other income	25,176	9,025	-	(22,224)	11,977
	119,081	9,025	3,579	(37,404)	94,281
Operating expenses	(81,622)	-	(6,109)	6,303	(81,428)
Segment results	37,459	9,025	(2,530)	(31,101)	12,853
Other expenses	(5,799)	(61)	(1,131)	3,023	(3,968)
Finance costs	(25,987)	-	-	17,422	(8,565)
<b>Profit before tax</b>	<b>5,673</b>	<b>8,964</b>	<b>(3,661)</b>	<b>(10,656)</b>	<b>320</b>
<b>RESULTS FOR 3 MONTHS ENDED 31 MARCH 2014</b>					
External operating revenue	123,528	-	718	-	124,246
Inter-segment revenue	19,415	-	4,956	(24,371)	-
Total operating revenue	142,943	-	5,674	(24,371)	124,246
Other income	23,993	145	-	(23,116)	1,022
	166,936	145	5,674	(47,487)	125,268
Operating expenses	(106,719)	-	(6,641)	11,469	(101,891)
Segment results	60,217	145	(967)	(36,018)	23,377
Other expenses	(7,216)	(55)	(1,260)	3,705	(4,826)
Finance costs	(22,135)	-	-	15,600	(6,535)
<b>Profit before tax</b>	<b>30,866</b>	<b>90</b>	<b>(2,227)</b>	<b>(16,713)</b>	<b>12,016</b>
<b>ASSETS AND LIABILITIES AS AT 31 MARCH 2015</b>					
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets that belong to the Group	4,796,892	150,962	9,520	(1,643,613)	3,313,761
<b>Total assets</b>	<b>4,796,892</b>	<b>150,962</b>	<b>9,520</b>	<b>(1,643,613)</b>	<b>3,313,761</b>
Liabilities that belong to the Group	2,383,882	103,564	16,058	(812,088)	1,691,416
<b>Total liabilities</b>	<b>2,383,882</b>	<b>103,564</b>	<b>16,058</b>	<b>(812,088)</b>	<b>1,691,416</b>
<b>ASSETS AND LIABILITIES AS AT 31 DECEMBER 2014</b>					
Assets that belong to the Group	5,194,478	136,951	13,502	(1,765,782)	3,579,149
<b>Total assets</b>	<b>5,194,478</b>	<b>136,951</b>	<b>13,502</b>	<b>(1,765,782)</b>	<b>3,579,149</b>
Liabilities that belong to the Group	2,787,117	95,967	16,380	(937,604)	1,961,860
<b>Total liabilities</b>	<b>2,787,117</b>	<b>95,967</b>	<b>16,380</b>	<b>(937,604)</b>	<b>1,961,860</b>

**15 Valuation Of Property, Plant And Equipment**

There was no valuation of the property, plant and equipment in the current quarter under review except as disclose in Note 2 and Note 10

**16 Material Event Subsequent To The Balance Sheet Date**

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

**17 Changes In The Composition Of The Group**

There were no other changes in the composition of the Group for the current quarter under review.

**18 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 27 May 2015.

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

	<b>As at 31.03.2015</b>
	<b>RM'000</b>
Approved and contracted for	6,122
Approved but not contracted for	235,579
	<u>241,701</u>

**20 Material Related Party Transactions**

**For the first  
quarter ended  
31.03.2015**

**Transactions with THP**

<b>Transacting Parties</b>	<b>Relationship</b>	<b>Nature of transactions</b>	<b>RM'000</b>
Lembaga Tabung Haji	Holding Corporation	Lease of land	<b>665</b>
Lembaga Tabung Haji	Holding Corporation	Rental of office	<b>483</b>

**Transactions with THP Group**

CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	<b>5,316</b>
Syarikat Takaful Malaysia	Related Company	Insurance premium	<b>1,590</b>
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication services	<b>141</b>
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	<b>143</b>

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

**21 Review Of Performance**

**(a) Revenue**

For the first ended 31 March 2015, the Group's revenue stood at RM82.30 million (1Q14: RM124.25 million), a 34% decrease in its revenue compared to the corresponding period last year. This is mainly attributed to the lower volume and average prices realised.

		First quarter			
		2015	2014	Variance	%
<b>Sales Volume</b>					
Crude palm oil	(Metric tonnes)	29,914	39,096	(9,182)	(23.49)
Palm kernel	(Metric tonnes)	7,121	9,115	(1,994)	(21.88)
FFB	(Metric tonnes)	12,615	16,754	(4,139)	(24.70)

		First quarter			
		2015	2014	Variance	%
<b>Average realised prices</b>					
Crude palm oil	(RM/tonne)	2,162	2,507	(345)	(13.76)
Palm kernel	(RM/tonne)	1,772	1,918	(146)	(7.61)
FFB	(RM/tonne)	398	480	(82)	(17.08)

**(b) Profit before tax**

Profit before tax for the first quarter ended 31 March 2015 was lower by 97% compared to the corresponding period last year, mainly attributed to lower profit margins (decrease by 96% ) driven by lower sales volume and average prices realised.

**22 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	2014		
		Quarter 1	Quarter 4	Variance	%
<b>Sales Volume</b>					
Crude palm oil	(Metric tonnes)	29,914	40,544	(10,630)	(26.22)
Palm kernel	(Metric tonnes)	7,121	9,756	(2,635)	(27.01)
FFB	(Metric tonnes)	12,615	8,177	4,438	54.27

		2015	2014		
		Quarter 1	Quarter 4	Variance	%
<b>Average realised prices</b>					
Crude palm oil	(RM/tonne)	2,162	2,041	121	5.93
Palm kernel	(RM/tonne)	1,772	1,351	421	31.16
FFB	(RM/tonne)	398	345	53	15.36

		2015	2014		
		Quarter 1	Quarter 4	Variance	%
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue		<b>82,304</b>	<b>98,768</b>	<b>(16,464)</b>	<b>(16.67)</b>
Profit before tax		<b>320</b>	<b>6,266</b>	<b>(5,946)</b>	<b>(94.89)</b>

Compared to the preceding quarter, revenue for the first quarter ended 31 March 2015 was lower by 17%. This is mainly attributed to lower sales volume and lower average commodity prices realised. Profit before tax was lower by 95% mainly due to lower operating profit by 87%.

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

Given the current headwinds faced by the palm oil sector, the Group anticipates the rest of the year to remain challenging. In mitigating the prolonged tough operating conditions, the Group will improve its operational efficiency and productivity as well as adjust its marketing strategies to respond swiftly to changes in palm oil products prices. In addition, the Group has also instituted comprehensive austerity measures throughout its operations, and will continue with these measures in the near 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 March 2015, the Group achieved a 2.17% annualised ROE.

ii) The prolonged dry weather experienced in the first half of last year and the adverse wet weather at the end of 2014 have brought upon deeper effects on the Group's production than initially expected. However, the Group will endeavour to achieve its full year targeted yield per hectare, subject to weather conditions and other external factors that are beyond the Group's control.

iii) The distribution of dividends from PATAMI will be done after the finalisation of the Group's audited financial statements for financial year 2015.

**24 Variance Of Actual Profit From Forecast Profit**

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

**25 Taxation**

	First Quarter	
	Current Year RM'000	Preceding Year RM'000
Current	1,828	7,892
Deferred	(6,599)	(4,320)
	<u>(4,771)</u>	<u>3,572</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.

**26 Realised and Unrealised Profits**

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000 (restated)
Realised	754,416	735,986
Unrealised	(10,295)	(8,444)
	<u>744,121</u>	<u>727,542</u>
Less: Consolidation adjustments	(306,443)	(296,443)
<b>Total Group retained earnings as per consolidated interim financial statements</b>	<u><b>437,678</b></u>	<u><b>431,099</b></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.

**27 Unquoted Investments And/Or Properties**

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

**28 Quoted Investments**

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

**29 Status Of Corporate Proposals**

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

**30 Property, Plant and Equipment ("PPE")**

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

**31 Group Borrowings**

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

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
<b>Loans and borrowings</b>		
<b>Non current</b>		
Secured:		
Flexi Term Financing-i	57,215	54,258
Ijarah Term Financing-i Facility	21,893	21,868
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	200,000	200,000
SUKUK Murabahah Medium Term Notes	800,000	800,000
Term loan - Forest Plantation Development	12,956	12,956
	<u>1,092,064</u>	<u>1,089,082</u>
<b>Current</b>		
Secured:		
Ijarah Term Financing-i Facility	10,000	10,000
	<u>1,102,064</u>	<u>1,099,082</u>

**Maturity analysis**

Tenure	Year of maturity	Profit margin %	Amount Non Current RM'000
1-2 years	2016	4.97-6.5	118,050
2-3 years	2017	4.86-6.5	90,893
3-4 years	2018	4.55-6.60	67,000
4-5 years	2019	5.35-5.39	83,165
5-6 years	2020	5.51	75,000
6-7 years	2021	5.62	75,000
7-8 years	2022	5.75	75,000
8-9 years	2023	5.88	75,000
9-10 years	2024	5.88	30,000
10-11 years	2025	5.98-6.11	130,000
11-12 years	2026	6.09-6.10	70,000
12-13 years	2027	6.6	200,000
13-14 years	2028	-	-
14-15 years	2029	3*	12,956
			<u>1,102,064</u>

\* Soft loan granted by Forest Plantation Development

**32 Deferred income**

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
<b>Non-current</b>		
Government grant	<u>22,139</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.

Government grant is 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.

**33 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.

**34 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 Federal Court had allowed TH PELITA Sadong Sdn Bhd and TH PELITA Gedong Sdn Bhd on 3 December 2014 Leave to Appeal on a point of law arising from the decision of the Court of Appeal in September 2013. The Federal Court also extended the Stay of Execution of the High Court judgment as affirmed by the Court of Appeal on 19 June 2014.

The Court has not fixed the date of hearing for the said application.

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

On 11 May 2015, the court has dismissed TH PELITA Sadong Sdn Bhd's and TH PELITA Gedong Sdn Bhd's Application to strike out the Defendant's Defence under Order 14A Rules of Court, 2012 with costs of RM4000.00.

A Pre Trial Case Management was held on 25 May 2015. The Court fixed for a full trial between 17-19 August 2015..

**35 Earnings Per Share**

		<b>UNAUDITED FIRST QUARTER</b>	
		<b>Current Year</b>	<b>Preceding Year (Restated)</b>
<b>(i)</b>	<b><i>Basic earnings per share</i></b>		
	Profit attributable to shareholders	<b>RM'000</b>	<b>6,579</b>
			<b>5,706</b>
	Weighted average number of ordinary shares in issue	<b>'000</b>	<b>883,140</b>
			<b>882,910</b>
	Basic earnings per share	<b>sen</b>	<b>0.74</b>
			<b>0.65</b>
<b>(ii)</b>	<b><i>Diluted earnings per share</i></b>		
	Profit attributable to shareholders	<b>RM'000</b>	<b>6,579</b>
			<b>5,706</b>
	Weighted average number of ordinary shares in issue	<b>'000</b>	<b>883,140</b>
	Effect of dilution (ESOS outstanding)	<b>'000</b>	<b>816</b>
	Adjusted weighted average number of ordinary shares in issue	<b>'000</b>	<b>29,430</b>
			<b>883,956</b>
			<b>912,340</b>
	Diluted earnings per share	<b>sen</b>	<b>0.74</b>
			<b>0.63</b>

**36 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 May 2015.

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

**Kuala Lumpur  
27 May 2015**