

## TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

### QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

The Directors have pleasure in announcing the unaudited consolidated results for the third quarter ended 30 September 2014.

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

	Note	UNAUDITED THIRD QUARTER		UNAUDITED CUMULATIVE	
		CURRENT YEAR 30.09.14 RM'000	PRECEDING YEAR 30.09.13 RM'000	CURRENT YEAR 30.09.14 RM'000	PRECEDING YEAR 30.09.13 RM'000
<b>Revenue</b>	19 (a)	133,314	130,146	390,149	315,404
Cost of sales		(83,684)	(72,129)	(246,505)	(189,125)
Depreciation and amortisation		(20,367)	(19,734)	(60,775)	(53,993)
<b>Gross profit</b>		<u>29,263</u>	<u>38,283</u>	<u>82,869</u>	<u>72,286</u>
Other income		1,237	1,146	4,834	3,158
Administrative expenses		(3,879)	(3,344)	(12,367)	(12,908)
Other expenses		(1,247)	(1,019)	(3,050)	(4,017)
Depreciation		(291)	(306)	(765)	(902)
Zakat expense		15	-	(189)	-
<b>Profit from operations</b>		<u>25,098</u>	<u>34,760</u>	<u>71,332</u>	<u>57,617</u>
Finance costs		(6,470)	(6,997)	(19,387)	(17,375)
<b>Profit before tax</b>	19 (b)	<u>18,628</u>	<u>27,763</u>	<u>51,945</u>	<u>40,242</u>
Tax expense	23	(2,097)	(8,633)	(606)	(4,396)
<b>Profit for the quarter</b>		<u>16,531</u>	<u>19,130</u>	<u>51,339</u>	<u>35,846</u>
<b>Other comprehensive income ,net of tax</b>					
Foreign currency translation differences for foreign operations		7	-	65	-
<b>Other comprehensive income ,net of tax</b>		<u>7</u>	<u>-</u>	<u>65</u>	<u>-</u>
<b>Total comprehensive income for the quarter</b>		<u>16,538</u>	<u>19,130</u>	<u>51,404</u>	<u>35,846</u>
<b>Profit attributable to:</b>					
Owners of the Company		12,111	15,418	37,878	25,731
Non-Controlling Interests		4,420	3,712	13,461	10,115
<b>Profit for the quarter</b>		<u>16,531</u>	<u>19,130</u>	<u>51,339</u>	<u>35,846</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		12,117	15,418	37,938	25,731
Non-Controlling Interests		4,421	3,712	13,466	10,115
<b>Total comprehensive income for the quarter</b>		<u>16,538</u>	<u>19,130</u>	<u>51,404</u>	<u>35,846</u>
<b>Earnings per share (sen) :</b>					
Basic earnings per share	32	1.37	1.75	4.29	2.93
Diluted earnings per share	32	1.33	1.72	4.15	2.87

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30.09.14 RM'000 (unaudited)	As at 31.12.13 RM'000 (audited)
<b>Assets</b>			
Property, plant & equipment	28	2,227,728	1,961,740
Plantation development expenditure		690,164	831,655
Intangible assets	10	73,416	73,265
Other investment		599	599
<b>Total non-current assets</b>		<b>2,991,907</b>	<b>2,867,259</b>
Inventories		39,503	39,238
Current tax assets		4,177	9,499
Trade and other receivables		80,782	77,335
Prepayments and other assets		11,646	3,451
Cash and cash equivalents		93,921	145,235
		230,029	274,758
Assets classified as held for sale	11	33,873	35,281
<b>Total current assets</b>		<b>263,902</b>	<b>310,039</b>
<b>Total assets</b>		<b>3,255,809</b>	<b>3,177,298</b>
<b>Equity</b>			
Share capital		441,925	440,256
Reserves		757,697	748,999
<b>Total equity attributable to equity holders of the Company</b>		<b>1,199,622</b>	<b>1,189,255</b>
<b>Non-controlling interests</b>		<b>409,817</b>	<b>396,726</b>
<b>Total equity</b>		<b>1,609,439</b>	<b>1,585,981</b>
<b>Liabilities</b>			
Deferred tax liabilities		292,749	300,017
Loans and borrowings	29	1,065,750	997,513
Trade and other payables		12,311	11,885
<b>Total non-current liabilities</b>		<b>1,370,810</b>	<b>1,309,415</b>
<b>Current liabilities</b>			
Trade and other payables		261,168	264,963
Loan and borrowings	29	10,000	10,000
Current tax liabilities		4,392	3,716
		275,560	278,679
Liabilities classified as held for sale	11	-	3,223
<b>Total current liabilities</b>		<b>275,560</b>	<b>281,902</b>
<b>Total liabilities</b>		<b>1,646,370</b>	<b>1,591,317</b>
<b>Total equity and liabilities</b>		<b>3,255,809</b>	<b>3,177,298</b>
<b>Net tangible assets per share (RM)</b>		<b>1.36</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	Attributable to equity holders of the Company								Total RM'000
	Non-distributable					Distributable		Non-controlling Interests 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	Total RM'000		
<b>At 1 January 2013</b>	364,178	484,206	(82,557)	-	4,317	348,942	1,119,086	393,899	1,512,985
Profit/ Total comprehensive income for the year	-	-	-	-	-	63,107	63,107	13,394	76,501
<b>Total comprehensive income for the year</b>	-	-	-	-	-	63,107	63,107	13,394	76,501
Adjustment on fair value of ESOS after bonus issue	-	-	-	-	(492)	-	(492)	-	(492)
Issuance of ordinary shares pursuant to ESOS	2,990	6,441	-	-	(1,002)	-	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)
<b>At 31 December 2013 (audited)</b>	<b>440,256</b>	<b>417,559</b>	<b>(82,557)</b>	<b>-</b>	<b>2,823</b>	<b>411,174</b>	<b>1,189,255</b>	<b>396,726</b>	<b>1,585,981</b>
<b>At 1 January 2014</b>	<b>440,256</b>	<b>417,559</b>	<b>(82,557)</b>	<b>-</b>	<b>2,823</b>	<b>411,174</b>	<b>1,189,255</b>	<b>396,726</b>	<b>1,585,981</b>
Profit for the quarter	-	-	-	-	-	37,878	37,878	13,461	51,339
Total comprehensive income for the quarter	-	-	-	60	-	-	60	5	65
<b>Total comprehensive income for the quarter</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>37,878</b>	<b>37,938</b>	<b>13,466</b>	<b>51,404</b>
Adjustment on fair value of ESOS	-	-	-	-	(50)	-	(50)	-	(50)
Issuance of ordinary shares pursuant to ESOS	1,669	3,268	-	-	(493)	-	4,444	-	4,444
Dividends to shareholders of the Company	-	-	-	-	-	(31,965)	(31,965)	-	(31,965)
Investment from non-controlling interests	-	-	-	-	-	-	-	1,095	1,095
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,470)	(1,470)
<b>At 30 September 2014 (unaudited)</b>	<b>441,925</b>	<b>420,827</b>	<b>(82,557)</b>	<b>60</b>	<b>2,280</b>	<b>417,087</b>	<b>1,199,622</b>	<b>409,817</b>	<b>1,609,439</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER 30 SEPTEMBER 2014**

	Note	FOR THE THIRD QUARTER ENDED	
		30.09.14 RM'000 (unaudited)	30.09.13 RM'000 (unaudited)
<b>Cash flows from operating activities</b>			
Profit before tax		51,945	40,242
Adjustment for non-cash flow items		77,550	69,376
Operating profit before changes in working capital		<u>129,495</u>	<u>109,618</u>
Changes in working capital			
Net changes in working capital		(19,144)	46,143
<b>Cash generated from operations</b>		<u>110,351</u>	<u>155,761</u>
Borrowing cost paid		(38,948)	(25,653)
Profit margin income from short term Islamic deposits and inter-company receivables		1,036	1,736
Tax paid		(24,711)	(28,405)
Tax refund		3,693	2,093
<b>Net cash generated from operating activities</b>		<u>51,421</u>	<u>105,532</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(29,379)	(97,780)
Acquisition of subsidiaries, net cash acquired	15	(12,622)	(264,137)
Decrease/ (Increase) in deposits pledged		3,771	(1,225)
Plantation development expenditure		(101,686)	(113,892)
Dividend received		183	-
<b>Net cash used in investing activities</b>		<u>(139,733)</u>	<u>(477,034)</u>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		(1,029)	(61,767)
Dividends paid to shareholders of the Company		(31,927)	(31,800)
Proceeds from issuance of SUKUK Murabahah		40,000	430,000
Proceeds from loan drawdown		29,266	26,479
Proceeds from issuance of new shares		4,444	7,227
<b>Net cash generated from financing activities</b>		<u>40,754</u>	<u>370,139</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(47,558)</u>	<u>(1,363)</u>
<b>Cash and cash equivalents at beginning of the year</b>		<u>141,308</u>	<u>123,764</u>
<b>Cash and cash equivalents at end of the third quarter</b>		<u>93,750</u>	<u>122,401</u>
<b>Cash and cash equivalents comprise:</b>			
Deposits with licensed banks		76,980	109,861
Cash and bank balances		<u>16,941</u>	<u>15,217</u>
		93,921	125,078
Less :			
Deposits pledged		(171)	(2,677)
		<u>93,750</u>	<u>122,401</u>

**The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 except where certain item is required to be stated at fair value.

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 2013. 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 2013.

**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 2013.

**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 2013.

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 in note 15.

**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 2013 in their report dated 25 February 2014.

**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) RM40 million SUKUK Murabahah ("SUKUK") with maturity periods of 12 years from the date of issuance at effective profit margin rates of 6.10%.
- (ii) 3,218,300 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)	<b>1.52</b>	<b>1.74</b>	<b>2.09</b>
Exercise price per share after adjustment of bonus issue (RM)	<b>1.27</b>	<b>1.45</b>	<b>1.74</b>
No. of shares issued ('000)	2,653	404	281

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 paid or proposed during the third quarter ended 30 September 2014

**10 Intangible assets**

	Note	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
<b>Cost</b>			
Balance at the beginning of year		73,416	14,006
Acquisition through business combinations	15	185	59,410
Less: adjustment		(185)	-
		73,416	73,416
Transfer to assets held for sale	11	-	(151)
<b>Balance at the end of year</b>		<b>73,416</b>	<b>73,265</b>
<b>Carrying amounts</b>			
<b>Balance at the beginning of year</b>		<b>73,416</b>	<b>14,006</b>
<b>Balance at the end of quarter/ year</b>		<b>73,416</b>	<b>73,265</b>

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 30 September 2014 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 held for sale**

On 14 November 2014, a subsidiary of TH Plantations Berhad had entered into Sale and Purchase Agreement to dispose its plantation estates which were located in Terengganu for a cash consideration of RM45,000,000. The sale is pending approval from relevant authorities on transfer of the said estates. Asset classified as held for sale is as below:

<b>Assets classified as held for sale</b>	<b>Note</b>	<b>RM'000</b>
Property, plant & equipment	a	33,834
Inventories		39
		<u>33,873</u>

**Note a**

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

	<b>RM'000</b>
Cost	36,194
Accumulated depreciation	<u>(2,360)</u>
	<u>33,834</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
<b>RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2014</b>				
External operating revenue	133,314	-	-	133,314
Inter-segment revenue	20,248	5,267	(25,515)	-
Total operating revenue	153,562	5,267	(25,515)	133,314
Other income	25,912	-	(24,675)	1,237
	179,474	5,267	(50,190)	134,551
Operating expenses	(109,565)	(6,456)	11,970	(104,051)
Segment results	69,909	(1,189)	(38,220)	30,500
Other expenses	(8,025)	(1,225)	3,848	(5,402)
Finance costs	(23,403)	-	16,933	(6,470)
<b>Profit before tax</b>	<b>38,481</b>	<b>(2,414)</b>	<b>(17,439)</b>	<b>18,628</b>
<b>RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2013</b>				
External operating revenue	125,994	4,153	-	130,147
Inter-segment revenue	69,003	5,216	(74,220)	(1)
Total operating revenue	194,997	9,369	(74,220)	130,146
Other income	23,406	-	(22,260)	1,146
	218,403	9,369	(96,480)	131,292
Operating expenses	(97,879)	(6,726)	12,742	(91,863)
Segment results	120,524	2,643	(83,738)	39,429
Other expenses	(7,024)	(1,163)	3,518	(4,669)
Finance costs	(19,238)	-	12,241	(6,997)
<b>Profit before tax</b>	<b>94,262</b>	<b>1,480</b>	<b>(67,979)</b>	<b>27,763</b>

	Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
<b>RESULTS UP TO THIRD QUARTER ENDED 30 SEPTEMBER 2014</b>				
External operating revenue	389,431	718	-	390,149
Inter-segment revenue	56,655	15,011	(71,666)	-
Total operating revenue	446,086	15,729	(71,666)	390,149
Other income	74,353	-	(69,519)	4,834
	520,439	15,729	(141,185)	394,983
Operating expenses	(313,559)	(19,200)	25,479	(307,280)
Segment results	206,880	(3,471)	(115,706)	87,703
Other expenses	(23,740)	(3,719)	11,088	(16,371)
Finance costs	(67,957)	-	48,570	(19,387)
<b>Profit before tax</b>	<b>115,183</b>	<b>(7,190)</b>	<b>(56,048)</b>	<b>51,945</b>
<b>RESULTS UP TO THIRD QUARTER ENDED 30 SEPTEMBER 2013</b>				
External operating revenue	306,559	11,469	(2,623)	315,405
Inter-segment revenue	96,833	13,902	(110,736)	(1)
Total operating revenue	403,392	25,371	(113,359)	315,404
Other income	62,917	7	(59,766)	3,158
	466,309	25,378	(173,125)	318,562
Operating expenses	(252,628)	(18,561)	28,071	(243,118)
Segment results	213,681	6,817	(145,054)	75,444
Other expenses	(24,720)	(3,816)	10,709	(17,827)
Finance costs	(51,565)	-	34,190	(17,375)
<b>Profit before tax</b>	<b>137,396</b>	<b>3,001</b>	<b>(100,155)</b>	<b>40,242</b>
<b>ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2014</b>				
	RM'000	RM'000	RM'000	RM'000
Assets that belong to the Group	4,867,641	15,837	(1,627,669)	3,255,809
<b>Total assets</b>	<b>4,867,641</b>	<b>15,837</b>	<b>(1,627,669)</b>	<b>3,255,809</b>
Liabilities that belong to the Group	2,499,642	16,493	(869,765)	1,646,370
<b>Total liabilities</b>	<b>2,499,642</b>	<b>16,493</b>	<b>(869,765)</b>	<b>1,646,370</b>
<b>ASSETS AND LIABILITIES AS AT 31 DECEMBER 2013</b>				
Assets that belong to the Group	4,598,422	16,187	(1,437,311)	3,177,298
<b>Total assets</b>	<b>4,598,422</b>	<b>16,187</b>	<b>(1,437,311)</b>	<b>3,177,298</b>
Liabilities that belong to the Group	2,291,786	9,535	(710,004)	1,591,317
<b>Total liabilities</b>	<b>2,291,786</b>	<b>9,535</b>	<b>(710,004)</b>	<b>1,591,317</b>

### 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 14 November 2014, a subsidiary of TH Plantations Berhad had entered into Sale and Purchase Agreement to dispose its plantation estates which were located in Terengganu for a cash consideration of RM45,000,000. The sale is pending approval from relevant authorities on transfer of the said estates.



**15 Changes In The Composition Of The Group**

- (a) On 10 January 2014 the Company completed its acquisition of 93% equity interest in PT Persada Kencana Prima ("PKP") for an indicative cash consideration of RM12,624,515. PKP 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:

	<b>As at 10.1.2014 RM'000</b>
<b>Identifiable assets acquired and liabilities assumed</b>	
Property, plant and equipment	21,236
Trade and other receivables	217
Cash and bank balances	3
Trade and other payables	(729)
Deferred tax liability	(5,065)
Total identifiable net assets	<u>15,662</u>

	<b>As at 10.1.2014 RM'000</b>
<b>Net cash arising from acquisition of subsidiary</b>	
Final adjusted purchase consideration settled in cash and cash equivalents	12,625
Cash and bank balances acquired	(3)
Net cash outflow	<u>12,622</u>

	<b>As at 10.1.2014 RM'000</b>
<b>Surplus over fair value of net assets acquired</b>	
Surplus over fair value of net assets acquired was recognised in profit or loss as a result of the acquisition as follows:	
Total consideration transferred	12,625
Non-controlling interests, based on their proportionate interest in the recognised amounts	1,095
Fair value of identifiable net assets	(15,662)
Surplus over fair value of net assets acquired*	<u>(1,942)</u>

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

The breakdown of other income is:

Surplus over fair value of net assets acquired	1,942
Profit margin income from short term investment and receivables	2,236
Sundry income	656
	<u>4,834</u>

Following FRS 3, Business Combinations, adjustments on goodwill are allowed within one year of the acquisition date. The adjustments was made to reflect the finalisation of amount of assets and liabilities existing on acquisition date.

Goodwill on acquisition	185
Less: Adjustment	(2,127)
Surplus over fair value of net assets acquired	<u>(1,942)</u>

Management estimates the computation of surplus over fair value of net assets acquired based on Hak Izin Lokasi ("HIL"), issued by Government of Indonesia. HIL is subject to changes by Government of Indonesia until the subsidiary is issued with Hak Guna Usaha ("HGU").

**Acquisition related costs**

The Group incurred acquisition related costs of RM169,148 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 19 November 2014.

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

	<b>As at 30.09.2014</b>
	<b>RM'000</b>
Approved and contracted for	10,237
Approved but not contracted for	237,991
	<hr/> <b>248,228</b> <hr/>

**18 Material Related Party Transactions**

**For the third  
quarter ended  
30.09.2014**

**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>1,995</b>
Lembaga Tabung Haji	Holding Corporation	Rental of office	<b>1,449</b>

**Transactions with THP Group**

CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	<b>13,275</b>
Syarikat Takaful Malaysia	Related Company	Insurance premium	<b>2,710</b>
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication services	<b>784</b>
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	<b>297</b>

**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 30 September 2014, the Group's revenue stood at RM133.31 million (3Q13: RM130.15 million), a 2% increase in its revenue compared to the corresponding period last year. The Group recorded higher production and sales volume of CPO, PK and FFB, however these were off-set by lower average CPO prices realised.

		Current quarter			
		2014	2013	Variance	%
<b>Sales Volume</b>					
Crude palm oil	(Metric tonnes)	51,806	48,568	3,238	6.67
Palm kernel	(Metric tonnes)	10,798	10,632	166	1.56
FFB	(Metric tonnes)	21,763	14,971	6,792	45.37

**Average realised prices**

Crude palm oil	(RM/tonne)
Palm kernel	(RM/tonne)
FFB	(RM/tonne)

		Current quarter			
		2014	2013	Variance	%
Crude palm oil	(RM/tonne)	2,106	2,209	(103)	(4.66)
Palm kernel	(RM/tonne)	1,424	1,222	202	16.53
FFB	(RM/tonne)	397	380	17	4.47

**(ii) Cumulative quarter**

The Group recorded a 24% increase in its revenue to RM390.15 million for the third quarter ended 30 September 2014 compared to the corresponding period last year (3Q13: RM315.4), driven mainly by higher sales volume of CPO, PK and FFB as well as higher average commodity prices realised mainly in the first half of the year.

**Sales Volume**

Crude palm oil	(Metric tonnes)
Palm kernel	(Metric tonnes)
FFB	(Metric tonnes)

		Cumulative quarter			
		2014	2013	Variance	%
Crude palm oil	(Metric tonnes)	128,809	115,349	13,460	11.67
Palm kernel	(Metric tonnes)	28,035	27,069	966	3.57
FFB	(Metric tonnes)	81,164	70,318	10,846	15.42

**Average realised prices**

Crude palm oil	(RM/tonne)
Palm kernel	(RM/tonne)
FFB	(RM/tonne)

		Cumulative quarter			
		2014	2013	Variance	%
Crude palm oil	(RM/tonne)	2,351	2,143	208	9.71
Palm kernel	(RM/tonne)	1,755	1,181	574	48.60
FFB	(RM/tonne)	459	353	106	30.03

**(b) Profit before tax****(i) current quarter**

Profit before tax for the current quarter ended 30 September 2014 stood at RM18.63 million, 33% lower than the corresponding quarter last year, mainly due to lower average CPO prices realised thus leading to lower profit margins.

**(ii) Cumulative quarter**

Profit before tax for the third quarter ended 30 September 2014 was higher by 29% compared to the corresponding period last year, mainly due to higher revenue and profit margins (increased by 24% and 15% respectively) driven by higher production and sales as well as strong average commodity prices realised mainly in 1H2014. In addition, the Group recognised a non-operational income of RM1.9 million, arising from surplus over fair value of net assets acquired during the year. (Note 15)

**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:

		2014	2014	Variance	%
		Quarter 3	Quarter2		
<b>Sales Volume</b>					
Crude palm oil	<i>(Metric tonnes)</i>	51,806	37,908	13,898	36.66
Palm kernel	<i>(Metric tonnes)</i>	10,798	8,123	2,675	32.93
FFB	<i>(Metric tonnes)</i>	21,763	42,646	(20,883)	(48.97)

		2014	2014	Variance	%
		Quarter 3	Quarter2		
<b>Average realised prices</b>					
Crude palm oil	<i>(RM/tonne)</i>	2,106	2,524	(418)	(16.56)
Palm kernel	<i>(RM/tonne)</i>	1,424	2,014	(590)	(29.29)
FFB	<i>(RM/tonne)</i>	397	482	(85)	(17.63)

	2014	2014	Variance	%
	Quarter 3	Quarter2		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	<b>133,314</b>	<b>132,589</b>	<b>725</b>	<b>0.55</b>
Profit before tax	<b>18,628</b>	<b>21,442</b>	<b>(2,814)</b>	<b>(13.12)</b>

Compared to the preceding quarter, revenue for the third quarter ended 30 September 2014 was higher by 0.6%. This is mainly attributed to higher sales volume of CPO and PK. However, these were off-set by lower average commodity prices realised compared to the preceding quarter. Profit before tax was lower by 13% due to lower gross profit margin by 2% and lower other income by 55%.

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

Notwithstanding the volatility of commodity prices, the Group is cautiously optimistic in being able to meet its projected targets for the year.

**(b) Projection of Targets Previously Announced**

On 22 April 2014, the Group announced its 2014 target was to achieve 6.0% return on equity ("ROE"), 22.40 mt/ha FFB yield per matured hectare and to distribute approximately 50% of Group's annual net profit after tax as dividend.

As at 30 September 2014, the Group achieved 4.23% annualised ROE, while the distribution of annual net profit after tax will be done after finalisation of audited financial statements for financial year 2014.

The drought and erratic weather experienced in the first half of the year has adversely impacted the production patterns of the Group's plantations and may impede its ability to achieve its full year targeted yield per hectare. Nevertheless, the Group has undertaken various measures to improve the production at its estates and will continue to maximise our efforts to achieve greater efficiency.

**22 Variance Of Actual Profit From Forecast Profit**

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

**23 Taxation**

	Third Quarter		Cumulative Quarter	
	Current Year RM'000	Preceding Year RM'000	Current Year RM'000	Preceding Year RM'000
Current	3,936	11,284	15,810	23,459
Deferred	(1,839)	(2,651)	(15,204)	(19,063)
	<u>2,097</u>	<u>8,633</u>	<u>606</u>	<u>4,396</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.

**24 Realised and Unrealised Profits**

	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
	Realised	641,855
Unrealised	4,483	7,957
	<u>646,338</u>	<u>588,409</u>
Less: Consolidation adjustments	(229,251)	(177,235)
<b>Total Group retained earnings as per consolidated interim financial statements</b>	<u><b>417,087</b></u>	<u><b>411,174</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.

**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 for the current quarter under review.

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

As at 30 September 2014, 7,484 hectares of oil palm estates have reached maturity and reclassified as PPE.

**29 Group Borrowings**

As at 30 September 2014, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
<b>Loans and borrowings</b>		
<b>Non current</b>		
Secured:		
Flexi Term Financing-i	54,808	55,789
Ijarah Term Financing-i Facility	31,676	31,724
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	200,000	200,000
SUKUK Murabahah Medium Term Notes	750,000	710,000
Term loan - Forest Plantation Development	29,266	-
	<u>1,065,750</u>	<u>997,513</u>
<b>Current</b>		
Secured:		
Ijarah Term Financing-i Facility	10,000	10,000
	<u>1,075,750</u>	<u>1,007,513</u>

***Maturity analysis***

Tenure	Year of maturity	Profit margin %	Amount Non Current RM'000
1-2 years	2015	4.85-6.41	28,700
2-3 years	2016	4.85-6.41	101,000
3-4 years	2017	4.85-6.41	90,676
4-5 years	2018	4.85-6.10	67,000
5-6 years	2019	4.85-5.39	79,108
6-7 years	2020	5.51	75,000
7-8 years	2021	5.62	75,000
8-9 years	2022	5.75	75,000
9-10 years	2023	5.88	75,000
10-11 years	2024	5.88-6.11	90,000
11-12 years	2025	5.98	20,000
12-13 years	2026	6.09-6.10	70,000
13-14 years	2027	6.6	200,000
14-15 years	2028	-	-
15-16 years	2029	3*	29,266
			<u>1,075,750</u>

\* Soft loan granted by Forest Plantation Development

**30 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.

**31 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)**

The date of hearing has yet to be fixed for TH PELITA Sadong Sdn Bhd's and TH PELITA Gedong Sdn Bhd's (collectively referred to as "the Companies") Notice of Motion to the Federal Court for Leave To Appeal made on 27 September 2013 has been fixed on 3 December 2014 at the Federal Court in Kuching.

In the meantime, the Companies' application for a Stay of Execution of the said judgement of the Court of Appeal, which was filed on 24 October 2013, had been allowed by the Court of Appeal on 19 June 2014.

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

The original date of trial fixed from 1 December 2014 – 5 December 2014 has now fixed to 4 December 2014.

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

The Appeal was fixed for Case Management on 28 August 2014 at the Court of Appeal. The Court of Appeal has fixed the Appeal for disposal on 25 September 2014 following the Appellants' decision to discontinue the Appeal against the Respondents.

On 25 September 2014, the Court of Appeal had ordered for the Appeal to be struck-out and for the Appellants' deposit of RM1,000.00 to be paid to the Respondents.

**32 Earnings Per Share**

		UNAUDITED				
		Third Quarter		Cumulative Quarter		
		Current Year	Preceding Year	Current Year	Preceding Year	
<b>(i)</b>	<b><i>Basic earnings per share</i></b>					
	Profit attributable to shareholders	RM'000	<u>12,111</u>	<u>15,418</u>	<u>37,878</u>	<u>25,731</u>
	Weighted average number of ordinary shares in issue	'000	<u>883,850</u>	<u>878,978</u>	<u>883,850</u>	<u>878,978</u>
	Basic earnings per share	sen	<u>1.37</u>	<u>1.75</u>	<u>4.29</u>	<u>2.93</u>
<b>(ii)</b>	<b><i>Diluted earnings per share</i></b>					
	Profit attributable to shareholders	RM'000	<u>12,111</u>	<u>15,418</u>	<u>37,878</u>	<u>25,731</u>
	Weighted average number of ordinary shares in issue	'000	<u>883,850</u>	<u>878,978</u>	<u>883,850</u>	<u>878,978</u>
	Effect of dilution (ESOS outstanding)	'000	<u>28,228</u>	<u>18,765</u>	<u>28,228</u>	<u>18,765</u>
	Adjusted weighted average number of ordinary shares in issue	'000	<u>912,078</u>	<u>897,743</u>	<u>912,078</u>	<u>897,743</u>
	Diluted earnings per share	sen	<u>1.33</u>	<u>1.72</u>	<u>4.15</u>	<u>2.87</u>

**33 Authorisation For Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 19 November 2014.

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

**Kuala Lumpur**  
**19 November 2014**