

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

The Directors have pleasure in announcing the unaudited consolidated results for the third quarter ended 30 September 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	UNAUDITED THIRD QUARTER		UNAUDITED CUMULATIVE	
		CURRENT YEAR 30.09.15 RM'000	PRECEDING YEAR 30.09.14 RM'000 (Restated)	CURRENT YEAR 30.09.15 RM'000	PRECEDING YEAR 30.09.14 RM'000 (Restated)
Revenue	21 (a)	133,492	133,314	325,976	390,149
Cost of sales		(89,157)	(83,684)	(235,194)	(246,505)
Depreciation and amortisation		(24,574)	(20,367)	(61,572)	(60,775)
Gross profit		<u>19,761</u>	<u>29,263</u>	<u>29,210</u>	<u>82,869</u>
Other income		2,288	1,378	28,183	5,258
Administrative expenses		(2,938)	(3,879)	(11,515)	(12,367)
Other expenses		(1,267)	(1,247)	(3,147)	(3,050)
Depreciation		(452)	(291)	(1,248)	(765)
Zakat expense		39	15	(152)	(189)
Profit from operations		<u>17,431</u>	<u>25,239</u>	<u>41,331</u>	<u>71,756</u>
Finance costs		(2,460)	(6,470)	(16,800)	(19,387)
Profit before tax	21 (b)	<u>14,971</u>	<u>18,769</u>	<u>24,531</u>	<u>52,369</u>
Tax expense	25	(2,124)	(2,133)	(70)	(712)
Profit for the period		<u>12,847</u>	<u>16,636</u>	<u>24,461</u>	<u>51,657</u>
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(231)	7	(267)	65
Other comprehensive income, net of tax		<u>(231)</u>	<u>7</u>	<u>(267)</u>	<u>65</u>
Total comprehensive income for the period		<u>12,616</u>	<u>16,643</u>	<u>24,194</u>	<u>51,722</u>
Profit attributable to:					
Owners of the Company		6,192	12,201	17,916	38,151
Non-Controlling Interests		6,655	4,435	6,545	13,506
Profit for the period		<u>12,847</u>	<u>16,636</u>	<u>24,461</u>	<u>51,657</u>
Total comprehensive income attributable to:					
Owners of the Company		5,945	12,207	17,630	38,211
Non-Controlling Interests		6,671	4,436	6,564	13,511
Total comprehensive income for the period		<u>12,616</u>	<u>16,643</u>	<u>24,194</u>	<u>51,722</u>
Earnings per share (sen) :					
Basic earnings per share	35	<u>0.70</u>	<u>1.38</u>	<u>2.03</u>	<u>4.32</u>
Diluted earnings per share	35	<u>0.70</u>	<u>1.34</u>	<u>2.03</u>	<u>4.18</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 30.9.15 RM'000 (unaudited)	As at 31.12.14 RM'000 (Restated)	As at 31.12.13 RM'000 (Restated)
Assets				
Property, plant & equipment	30	2,557,189	2,250,598	1,961,740
Plantation development expenditure-Oil Palm		374,561	626,471	765,091
Plantation development expenditure-Timber	10	145,055	108,373	70,715
Intangible assets	11	73,265	73,265	73,265
Other investment	12	6,051	22,630	599
Total non-current assets		3,156,121	3,081,337	2,871,410
Inventories		49,584	40,073	39,238
Current tax assets		6,241	6,274	9,499
Trade and other receivables		110,029	83,452	77,335
Prepayments and other assets		3,663	3,718	3,451
Cash and cash equivalents	13	113,844	364,295	145,235
		283,361	497,812	274,758
Assets classified as held for sale		-	-	35,281
Total current assets		283,361	497,812	310,039
Total assets		3,439,482	3,579,149	3,181,449
Equity				
Capital reserve		782,092	782,406	778,081
Retained earnings		431,340	431,099	414,376
Total equity attributable to equity holders of the Company		1,213,432	1,213,505	1,192,457
Non-controlling interests		409,329	403,784	396,679
Total equity		1,622,761	1,617,289	1,589,136
Liabilities				
Loans and borrowings	31	1,231,478	1,089,082	997,513
Deferred income	32	22,139	22,139	-
Deferred tax liabilities		277,128	287,325	301,013
Trade and other payables		12,634	12,448	11,885
Total non-current liabilities		1,543,379	1,410,994	1,310,411
Current liabilities				
Loan and borrowings	31	25,407	10,000	10,000
Trade and other payables		247,131	538,067	264,963
Current tax liabilities		804	2,799	3,716
		273,342	550,866	278,679
Assets classified as held for sale		-	-	3,223
Total current liabilities		273,342	550,866	281,902
Total liabilities		1,816,721	1,961,860	1,592,313
Total equity and liabilities		3,439,482	3,579,149	3,181,449
Net tangible assets per share (RM)		1.37	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 THIRD QUARTER ENDED 30 SEPTEMBER 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			
At 1 January 2014									
-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
At 1 January 2014, restated	440,256	417,559	(82,557)	-	2,823	414,376	1,192,457	396,679	1,589,136
Foreign currency translation differences for foreign operations	-	-	-	(64)	-	-	(64)	(5)	(69)
Profit for the year	-	-	-	-	-	48,688	48,688	11,321	60,009
Total comprehensive income for the quarter	-	-	-	(64)	-	48,688	48,624	11,316	59,940
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)
At 31 December 2014, restated	441,925	420,827	(82,557)	(64)	2,275	431,099	1,213,505	403,784	1,617,289
At 1 January 2015	441,925	420,827	(82,557)	(64)	2,275	431,099	1,213,505	403,784	1,617,289
Foreign currency translation differences for foreign operations	-	-	-	(286)	-	-	(286)	19	(267)
Profit for the year	-	-	-	-	-	17,916	17,916	6,545	24,461
Total comprehensive income for the quarter	-	-	-	(286)	-	17,916	17,630	6,564	24,194
Issuance of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-	-	-
Adjustment on fair value of ESOS	-	-	-	(28)	-	-	(28)	-	(28)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	(17,675)	(17,675)	-	(17,675)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,019)	(1,019)
At 30 September 2015 (unaudited)	441,925	420,827	(82,557)	(350)	2,247	431,340	1,213,432	409,329	1,622,761

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 THIRD QUARTER ENDED 30 SEPTEMBER 2015**

	Note	FOR THE THIRD QUARTER ENDED	
		30.09.15 RM'000 (unaudited)	30.09.14 RM'000 (Restated)
Cash flows from operating activities			
Profit before tax		24,531	52,369
Adjustment for non-cash flow items		54,236	77,126
Operating profit before changes in working capital		<u>78,767</u>	<u>129,495</u>
Changes in working capital			
Net changes in working capital		(310,082)	(19,144)
Cash (used in)/generated from operations		<u>(231,315)</u>	<u>110,351</u>
Finance cost		(39,529)	(38,948)
Profit margin income from short term Islamic deposits and inter-company receivables		4,522	1,036
Tax paid		(17,974)	(24,711)
Tax refund		12,778	3,693
Net cash (used in) / generated from operating activities		<u>(271,518)</u>	<u>51,421</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(19,402)	(29,379)
Acquisition of subsidiaries, net of cash and cash equivalents acquired		-	(12,622)
Decrease in deposits pledged		1,832	3,771
Plantation development expenditure		(113,783)	(101,686)
Dividend received		-	183
Increase in other investment		16,579	-
Net cash used in investing activities		<u>(114,774)</u>	<u>(139,733)</u>
Cash flows from financing activities			
Repayment of loans and borrowings		(3,550)	(1,029)
Dividends paid to owners of the Company		(20,102)	(31,927)
Proceeds from issuance of SUKUK Murabahah		140,000	40,000
Proceeds from loan drawdown		11,968	29,266
Proceeds from tradeline drawdown		9,357	-
Proceeds from issuance of new shares		-	4,444
Net cash generated from financing activities		<u>137,673</u>	<u>40,754</u>
Net decrease in cash and cash equivalents		<u>(248,619)</u>	<u>(47,558)</u>
Cash and cash equivalents at beginning of the year		<u>362,339</u>	<u>141,308</u>
Cash and cash equivalents at end of the period		<u>113,720</u>	<u>93,750</u>
Cash and cash equivalents comprise:			
Deposits	13	98,698	76,980
Cash and bank balances	13	15,146	16,941
		<u>113,844</u>	<u>93,921</u>
Assets classified as held for sale		-	-
		<u>113,844</u>	<u>93,921</u>
Less :			
Deposits pledged		(124)	(171)
		<u>113,720</u>	<u>93,750</u>

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

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:

	Timber Plantation RM'000
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:

	As at 31.12.2014 RM'000	As at 1.1.2014 RM'000
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:

	Deferred tax liabilities RM'000	Retained earnings/ profit or loss RM'000
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

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 paid or proposed during the third quarter ended 30 September 2015.

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000 (Restated)
At 1 January	108,373	70,715
Additions	15,050	37,093
Change in fair value recognised in profit and loss	<u>21,632</u>	<u>565</u>
	<u>145,055</u>	<u>108,373</u>

10.1 Fair value information

Fair value of timber categorised as follows:

	30.09.2015		31.12.2014	
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Timber	<u>21,632</u>	<u>21,632</u>	<u>565</u>	<u>565</u>

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 timber plantation, taking into account expected growth rate of the trees, future development costs and based on current price of rubber wood log published by Malaysian Timber Industry Board (MTIB). The expected net cash flows are discounted using risk-adjusted discount rates.</i></p>	<ul style="list-style-type: none"> • Expected growth rate of the trees based on research data and professional opinion. • Expected future maintenance costs (RM500/Ha-RM1,500/Ha) • Expected future harvesting costs (RM7,000/Ha) • Price of timber per cubic metre (RM275/m³). • Risk-adjusted discount rates (10%). 	<p><i>The estimated fair value would increase (decrease) if:</i></p> <ul style="list-style-type: none"> • expected growth rate of the trees were higher (lower); • expected future costs were higher (lower); • Price were higher (lower); or • risk-adjusted discount rates were higher (lower).

11 Intangible assets

	As at 30.09.2015 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 30 September 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

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Unquoted shares		
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	4,226	20,805
	<u>6,051</u>	<u>22,630</u>

13 Cash and cash equivalents

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Deposits placed with licensed bank	98,698	354,946
Cash and bank balances	15,146	9,349
	<u>113,844</u>	<u>364,295</u>

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
RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2015					
External operating revenue	133,480	-	12	-	133,492
Inter-segment revenue	23,193	-	5,337	(28,530)	-
Total operating revenue	156,673	-	5,349	(28,530)	133,492
Other income	11,231	322	-	(9,265)	2,288
	167,904	322	5,349	(37,795)	135,780
Operating expenses	(115,006)	-	(7,435)	8,710	(113,731)
Segment results	52,898	322	(2,086)	(29,085)	22,049
Other expenses	(6,651)	(307)	(1,370)	3,710	(4,618)
Finance costs	(11,047)	-	-	8,587	(2,460)
Profit before tax	35,200	15	(3,456)	(16,788)	14,971
RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2014					
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	25,325	728	-	(24,675)	1,378
	178,887	728	5,267	(50,190)	134,692
Operating expenses	(109,565)	-	(6,456)	11,970	(104,051)
Segment results	69,322	728	(1,189)	(38,220)	30,641
Other expenses	(7,939)	(86)	(1,225)	3,848	(5,402)
Finance costs	(23,409)	6	-	16,933	(6,470)
Profit before tax	37,974	648	(2,414)	(17,439)	18,769
RESULTS UP TO THIRD QUARTER ENDED 30 SEPTEMBER 2015					
External operating revenue	325,955	-	21	-	325,976
Inter-segment revenue	50,821	-	13,425	(64,246)	-
Total operating revenue	376,776	-	13,446	(64,246)	325,976
Other income	61,817	21,819	-	(55,453)	28,183
	438,593	21,819	13,446	(119,699)	354,159
Operating expenses	(296,745)	-	(23,119)	23,098	(296,766)
Segment results	141,848	21,819	(9,673)	(96,601)	57,393
Other expenses	(21,337)	(423)	(4,062)	9,760	(16,062)
Finance costs	(62,729)	-	-	45,929	(16,800)
Profit before tax	57,782	21,396	(13,735)	(40,912)	24,531
RESULTS UP TO THIRD QUARTER ENDED 30 SEPTEMBER 2014					
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	73,904	873	-	(69,519)	5,258
	519,990	873	15,729	(141,185)	395,407
Operating expenses	(313,559)	-	(19,200)	25,479	(307,280)
Segment results	206,431	873	(3,471)	(115,706)	88,127
Other expenses	(23,505)	(235)	(3,719)	11,088	(16,371)
Finance costs	(67,957)	-	-	48,570	(19,387)
Profit before tax	114,969	638	(7,190)	(56,048)	52,369
ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2015					
Assets that belong to the Group	5,291,605	180,157	9,572	(2,041,852)	3,439,482
Total assets	5,291,605	180,157	9,572	(2,041,852)	3,439,482
Liabilities that belong to the Group	2,811,271	167,430	26,185	(1,188,165)	1,816,721
Total liabilities	2,811,271	167,430	26,185	(1,188,165)	1,816,721
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2014					
Assets that belong to the Group	5,194,478	136,951	13,502	(1,765,782)	3,579,149
Total assets	5,194,478	136,951	13,502	(1,765,782)	3,579,149
Liabilities that belong to the Group	2,787,117	95,967	16,380	(937,604)	1,961,860
Total liabilities	2,787,117	95,967	16,380	(937,604)	1,961,860

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 26 November 2015.

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

	As at 30.09.2015
	RM'000
Approved and contracted for	10,129
Approved but not contracted for	173,157
	<u>183,286</u>

20 Material Related Party Transactions

**For the third
quarter ended
30.09.2015**

Transactions with THP

Transacting Parties	Relationship	Nature of transactions	RM'000
Lembaga Tabung Haji	Holding Corporation	Lease of land	1,996
Lembaga Tabung Haji	Holding Corporation	Rental of office	1,449

Transactions with THP Group

CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	20,271
Syarikat Takaful Malaysia	Related Company	Insurance premium	2,658
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication services	269
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	392

21 Review Of Performance**(a) Revenue****(i) Current quarter**

For the current quarter ended 30 September 2015, the Group's revenue stood at RM133.49 million (3Q14: RM133.31 million), a 0.13% increase in its revenue compared to the corresponding period last year. This is mainly attributed to the higher sales volume for CPO,PK and FFB.

		Third quarter		Variance	%
		2015	2014		
Sales Volume					
Crude palm oil	(Metric tonnes)	52,269	51,806	463	0.89
Palm kernel	(Metric tonnes)	11,465	10,798	667	6.18
FFB	(Metric tonnes)	32,324	21,763	10,561	48.53

		Third quarter		Variance	%
		2015	2014		
Average realised prices					
Crude palm oil	(RM/tonne)	2,036	2,106	(70)	(3.32)
Palm kernel	(RM/tonne)	1,339	1,424	(85)	(5.97)
FFB	(RM/tonne)	361	397	(36)	(9.07)

(ii) Cumulative quarter

The Group recorded a 16% decrease in its revenue of RM325.98 million for the third quarter ended 30 September 2015 compared to the corresponding period last year (3Q14: RM390.15). This is mainly contributed by lower volume and average prices realised.

		Cumulative quarter		Variance	%
		2015	2014		
Sales Volume					
Crude palm oil	(Metric tonnes)	123,901	128,809	(4,908)	(3.81)
Palm kernel	(Metric tonnes)	27,376	28,035	(659)	(2.35)
FFB	(Metric tonnes)	69,661	81,164	(11,503)	(14.17)

		Cumulative quarter		Variance	%
		2015	2014		
Average realised prices					
Crude palm oil	(RM/tonne)	2,086	2,351	(265)	(11.27)
Palm kernel	(RM/tonne)	1,516	1,755	(239)	(13.62)
FFB	(RM/tonne)	374	459	(85)	(18.52)

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

Profit before tax for the current quarter ended 30 September 2015 was lower by 20% compared to the corresponding quarter last year, mainly attributed to lower gross profit margins (decrease by 33%) driven by lower average sales prices .

(ii) Cumulative quarter

Profit before tax for the third quarter ended 30 September 2015 was lower by 53% compared to the corresponding period last year mainly due to 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	2015	Variance	%
		Quarter 3	Quarter2		
Sales Volume					
Crude palm oil	(Metric tonnes)	52,269	41,718	10,551	25.29
Palm kernel	(Metric tonnes)	11,465	8,790	2,675	30.43
FFB	(Metric tonnes)	32,324	24,723	7,601	30.74

		2015	2015	Variance	%
		Quarter 3	Quarter2		
Average realised prices					
Crude palm oil	(RM/tonne)	2,036	2,092	(56)	(2.68)
Palm kernel	(RM/tonne)	1,339	1,540	(201)	(13.05)
FFB	(RM/tonne)	361	378	(17)	(4.50)

		2015	2015	Variance	%
		Quarter 3	Quarter2		
		RM'000	RM'000	RM'000	%
Revenue		133,492	110,180	23,312	21.16
Profit before tax		14,971	9,240	5,731	62.02

Compared to the preceding quarter, revenue for the third quarter ended 30 September 2015 was higher by 21%. This is mainly attributed to higher sales volume despite of lower average prices realised. Profit before tax was higher mainly due to higher revenue and gross profit margin by 21% and 90% respectively.

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

The palm oil sector continues to be weighed down by tough operating conditions, persistently weak commodity prices and global macroeconomic uncertainties, negatively impacting the operational and financial performance of the industry. 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 30 September 2015, the Group achieved a 1.97% 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. Nevertheless, production has improved in the third quarter, and the Group will strive 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

	Third Quarter		Cumulative Quarter	
	Current Year RM'000	Preceding Year RM'000	Current Year RM'000	Preceding Year RM'000
Current	5,464	3,936	10,267	15,810
Deferred	(3,340)	(1,803)	(10,197)	(15,098)
	<u>2,124</u>	<u>2,133</u>	<u>70</u>	<u>712</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 30.09.2015 RM'000	As at 31.12.2014 RM'000 (restated)
Realised	724,636	735,986
Unrealised	18,439	(8,444)
	<u>743,075</u>	<u>727,542</u>
Less: Consolidation adjustments	(311,735)	(296,443)
Total Group retained earnings as per consolidated interim financial statements	<u>431,340</u>	<u>431,099</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 30 September 2015, 8,205 hectares of oil palm estates have reached maturity and reclassified as PPE.

31 Group Borrowings

As at 30 September 2015, total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Loans and borrowings		
Non current		
Secured:		
Flexi Term Financing-i	49,165	54,258
Ijarah Term Financing-i Facility	20,895	21,868
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	-	200,000
SUKUK Murabahah Medium Term Notes	1,140,000	800,000
Term loan - Forest Plantation Development	21,418	12,956
	<u>1,231,478</u>	<u>1,089,082</u>
Current		
Secured:		
Flexi Term Financing-i	5,050	
Ijarah Term Financing-i Facility	11,000	10,000
Unsecured:		
Trade-line Hong Leong Islamic Bank	9,357	-
	<u>1,256,885</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	125,357
2-3 years	2017	4.67-6.5	90,895
3-4 years	2018	4.55-6.60	67,000
4-5 years	2019	5.35-5.44	82,215
5-6 years	2020	5.44	75,000
6-7 years	2021	5.56	75,000
7-8 years	2022	5.56	75,000
8-9 years	2023	5.8	105,000
9-10 years	2024	5.93	110,000
10-11 years	2025	5.93-6.16	110,000
11-12 years	2026	6.14-6.21	120,000
12-13 years	2027	6.65	200,000
13-14 years	2028	-	-
14-15 years	2029	3*	21,418
			<u>1,256,885</u>

* Soft loan granted by Forest Plantation Development

32 Deferred income

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Non-current		
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.

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.

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

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

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

35 Earnings Per Share

		UNAUDITED THIRD QUARTER		UNAUDITED CUMULATIVE QUARTER		
		Current Year	Preceding Year (Restated)	Current Year	Preceding Year (Restated)	
(i)	<i>Basic earnings per share</i>					
	Profit attributable to shareholders	RM'000	<u>6,192</u>	<u>12,201</u>	<u>17,916</u>	<u>38,151</u>
	Weighted average number of ordinary shares in issue	'000	<u>883,140</u>	<u>883,850</u>	<u>883,140</u>	<u>883,850</u>
	Basic earnings per share	sen	<u>0.70</u>	<u>1.38</u>	<u>2.03</u>	<u>4.32</u>
(ii)	<i>Diluted earnings per share</i>					
	Profit attributable to shareholders	RM'000	<u>6,192</u>	<u>12,201</u>	<u>17,916</u>	<u>38,151</u>
	Weighted average number of ordinary shares in issue	'000	<u>883,140</u>	<u>883,850</u>	<u>883,140</u>	<u>883,850</u>
	Effect of dilution (ESOS outstanding)	'000	<u>(39)</u>	<u>28,228</u>	<u>(39)</u>	<u>28,228</u>
	Adjusted weighted average number of ordinary shares in issue	'000	<u>883,101</u>	<u>912,078</u>	<u>883,101</u>	<u>912,078</u>
	Diluted earnings per share	sen	<u>0.70</u>	<u>1.34</u>	<u>2.03</u>	<u>4.18</u>

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 26 November 2015.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
27 November 2015