

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

The Directors have pleasure in announcing the unaudited consolidated results for the third quarter ended 30 September 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | UNAUDITED THIRD QUARTER | | UNAUDITED CUMULATIVE | |
|----------------------------------------------------------------------------------------|--------|---------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|
| | | CURRENT YEAR 30.09.16 RM'000 | PRECEDING YEAR 30.09.15 RM'000 | CURRENT YEAR 30.09.16 RM'000 | PRECEDING YEAR 30.09.15 RM'000 |
| Revenue | 24 (a) | 170,308 | 133,492 | 392,232 | 325,976 |
| Cost of sales | | (104,906) | (89,157) | (273,977) | (235,194) |
| Depreciation and amortisation | | (26,674) | (24,574) | (67,527) | (61,572) |
| Gross profit | | 38,728 | 19,761 | 50,728 | 29,210 |
| Other income | | 2,697 | 2,288 | 7,993 | 28,183 |
| Administrative expenses | | (4,396) | (2,938) | (11,395) | (11,515) |
| Other expenses | 7 | (6,163) | (1,228) | (16,698) | (3,299) |
| Depreciation | | (337) | (452) | (910) | (1,248) |
| Profit from operations | | 30,529 | 17,431 | 29,718 | 41,331 |
| Finance costs | 8 | (5,034) | (2,460) | (13,842) | (16,800) |
| Profit before tax | 24 (b) | 25,495 | 14,971 | 15,876 | 24,531 |
| Tax expense | 28 | (1,990) | (2,124) | 8,035 | (70) |
| Profit for the period | | 23,505 | 12,847 | 23,911 | 24,461 |
| Other comprehensive income, net of tax | | | | | |
| Item that is or may be reclassified subsequently to profit and loss, net of tax | | | | | |
| Foreign currency translation differences for foreign operations | | (192) | (231) | (138) | (267) |
| Total comprehensive income for the period | | 23,313 | 12,616 | 23,773 | 24,194 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 19,175 | 6,192 | 19,608 | 17,916 |
| Non-Controlling Interests | | 4,330 | 6,655 | 4,303 | 6,545 |
| Profit for the period | | 23,505 | 12,847 | 23,911 | 24,461 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 18,997 | 5,945 | 19,480 | 17,630 |
| Non-Controlling Interests | | 4,316 | 6,671 | 4,293 | 6,564 |
| Total comprehensive income, net of tax | | 23,313 | 12,616 | 23,773 | 24,194 |
| Earnings per share (sen) : | | | | | |
| Basic earnings per share | 37 | 2.17 | 0.70 | 2.22 | 2.03 |
| Diluted earnings per share | 37 | 2.17 | 0.70 | 2.22 | 2.03 |

The Condensed Consolidated Statement Of Comprehensive Income 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 30.09.16 RM'000 (unaudited) | As at 31.12.15 RM'000 (audited) |
|-------------------------------------------------------------------|------|-----------------------------------------|---------------------------------------|
| Assets | | | |
| Property, plant & equipment | 33 | 2,647,615 | 2,546,519 |
| Plantation development expenditure | 12 | 344,857 | 405,595 |
| Forestry | 13 | 152,707 | 145,905 |
| Intangible assets | 14 | 73,265 | 73,265 |
| Other investment | 15 | 1,825 | 1,825 |
| Deferred tax assets | | 89,753 | 85,525 |
| Total non-current assets | | 3,310,022 | 3,258,634 |
| Inventories | | 21,708 | 25,661 |
| Current tax assets | | 9,344 | 9,702 |
| Other investment | 15 | 33,077 | 4,127 |
| Trade and other receivables | | 121,145 | 82,423 |
| Prepayments and other assets | | 4,800 | 3,279 |
| Cash and cash equivalents | 16 | 50,614 | 75,590 |
| Total current assets | | 240,688 | 200,782 |
| Total assets | | 3,550,710 | 3,459,416 |
| Equity | | | |
| Capital reserve | | 781,876 | 782,018 |
| Retained earnings | | 507,024 | 487,416 |
| Total equity attributable to equity holders of the Company | | 1,288,900 | 1,269,434 |
| Non-controlling interests | | 358,732 | 354,439 |
| Total equity | | 1,647,632 | 1,623,873 |
| Liabilities | | | |
| Loans and borrowings | 34 | 1,215,438 | 1,128,637 |
| Deferred tax liabilities | | 333,972 | 348,012 |
| Trade and other payables | | 37,001 | 13,037 |
| Total non-current liabilities | | 1,586,411 | 1,489,686 |
| Current liabilities | | | |
| Loan and borrowings | 34 | 115,676 | 106,493 |
| Trade and other payables | | 200,410 | 237,027 |
| Current tax liabilities | | 581 | 2,337 |
| Total current liabilities | | 316,667 | 345,857 |
| Total liabilities | | 1,903,078 | 1,835,543 |
| Total equity and liabilities | | 3,550,710 | 3,459,416 |
| Net tangible assets per share (RM) | | 1.46 | 1.44 |

The Condensed Consolidated Statement of Financial Position 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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

| | Attributable to equity holders of the Company | | | | | Distributable | | Non-controlling | | Total RM'000 |
|-----------------------------------------------------------------|-----------------------------------------------|----------------------------|-----------------------------|----------------------------------|-----------------------------------|--------------------------------|------------------|---------------------|------------------|-----------------|
| | Share capital RM'000 | Share premium RM'000 | Other reserves RM'000 | Translation reserve RM'000 | Share Option reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Interests RM'000 | Total RM'000 | |
| At 1 January 2015 | 441,925 | 420,827 | (82,557) | (64) | 2,275 | 427,528 | 1,209,934 | 403,771 | 1,613,705 | |
| Foreign currency translation differences for foreign operations | - | - | - | (341) | - | - | (341) | (26) | (367) | |
| Fair value on forestry | - | - | - | - | - | (6,707) | (6,707) | 1,426 | (5,281) | |
| Deferred income | - | - | - | - | - | 22,139 | 22,139 | - | 22,139 | |
| Other comprehensive income for the year | - | - | - | (341) | - | 15,432 | 15,091 | 1,400 | 16,491 | |
| Profit for the year | - | - | - | - | - | 62,133 | 62,133 | (38,204) | 23,929 | |
| Total comprehensive income for the year | - | - | - | (341) | - | 77,565 | 77,224 | (36,804) | 40,420 | |
| Issuance of ordinary shares | - | - | - | - | - | - | - | 1,000 | 1,000 | |
| Adjustment on fair value of ESOS | - | - | - | - | (47) | - | (47) | - | (47) | |
| Dividends to owners of the Company | - | - | - | - | - | (17,677) | (17,677) | - | (17,677) | |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | (4,493) | (4,493) | |
| Disposal of subsidiary | - | - | - | - | - | - | - | (9,035) | (9,035) | |
| At 31 December 2015 | <u>441,925</u> | <u>420,827</u> | <u>(82,557)</u> | <u>(405)</u> | <u>2,228</u> | <u>487,416</u> | <u>1,269,434</u> | <u>354,439</u> | <u>1,623,873</u> | |
| At 1 January 2016 | 441,925 | 420,827 | (82,557) | (405) | 2,228 | 487,416 | 1,269,434 | 354,439 | 1,623,873 | |
| Foreign currency translation differences for foreign operations | - | - | - | (128) | - | - | (128) | (10) | (138) | |
| Other comprehensive income for the year | - | - | - | (128) | - | - | (128) | (10) | (138) | |
| Profit for the period | - | - | - | - | - | 19,608 | 19,608 | 4,303 | 23,911 | |
| Total comprehensive income for the period | - | - | - | - | - | 19,608 | 19,608 | 4,293 | 23,773 | |
| Adjustment on fair value of ESOS | - | - | - | - | (14) | - | (14) | - | (14) | |
| At 30 September 2016 (unaudited) | <u>441,925</u> | <u>420,827</u> | <u>(82,557)</u> | <u>(533)</u> | <u>2,214</u> | <u>507,024</u> | <u>1,288,900</u> | <u>358,732</u> | <u>1,647,632</u> | |

The Condensed Consolidated Statement of Changes in Equity 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.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

| | Note | FOR THE THIRD QUARTER ENDED | |
|-------------------------------------------------------------------------------------|------|-----------------------------------|-----------------------------------|
| | | 30.09.16 RM'000 (unaudited) | 30.09.15 RM'000 (unaudited) |
| Cash flows from operating activities | | | |
| Profit before tax | | 15,876 | 24,531 |
| Adjustment for non-cash flow items | | 91,554 | 54,236 |
| Operating profit before changes in working capital | | <u>107,430</u> | <u>78,767</u> |
| Changes in working capital | | | |
| Net changes in working capital | | (36,623) | (310,082) |
| Cash generated from/(used in) operations | | <u>70,807</u> | <u>(231,315)</u> |
| Finance cost | | (36,252) | (39,529) |
| Profit margin income from short term Islamic deposits and inter-company receivables | | 1,943 | 4,522 |
| Tax paid | | (19,704) | (17,974) |
| Tax refund | | 1,779 | 12,778 |
| Net cash generated from/(used in) operating activities | | <u>18,573</u> | <u>(271,518)</u> |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (24,411) | (19,402) |
| Decrease in deposits pledged | | 34 | 1,832 |
| Plantation development expenditure | | (66,260) | (113,783) |
| Forestry plantation | | (14,643) | - |
| Dividend received | | 237 | - |
| (Increase)/Decrease in other investment | | (28,950) | 16,579 |
| Net cash used in investing activities | | <u>(133,993)</u> | <u>(114,774)</u> |
| Cash flows from financing activities | | | |
| Repayment of loans and borrowings | | (112,130) | (3,550) |
| Dividends paid to owners of the Company | | (7,334) | (20,102) |
| Proceeds from loans and borrowings drawdown | | 145,152 | 151,968 |
| Proceeds from tradeline drawdown | | 64,790 | 9,357 |
| Net cash generated from financing activities | | <u>90,478</u> | <u>137,673</u> |
| Net decrease in cash and cash equivalents | | (24,942) | (248,619) |
| Cash and cash equivalents at beginning of the year | | 75,556 | 362,339 |
| Cash and cash equivalents at end of the period | | <u>50,614</u> | <u>113,720</u> |
| Cash and cash equivalents comprise: | | | |
| Deposits | 16 | 26,317 | 98,698 |
| Cash and bank balances | 16 | 24,297 | 15,146 |
| | | <u>50,614</u> | <u>113,844</u> |
| Less : | | | |
| Deposits pledged | | - | (124) |
| | | <u>50,614</u> | <u>113,720</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 2015. 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 2015.

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 2015 unless otherwise stated.

3 Estimates

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

In preparing these condensed consolidated interim financial statements, certain judgements made by management in applying the Group's accounting policies and the key sources of estimation, were the same as those applied to the financial statements as at and for the year ended 31 December 2015.

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

(i) Depreciation of estate

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

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

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

(iii) Intangible assets-goodwill

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

(iv) Deferred income

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

(v) Forestry

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

(vi) Contingencies

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

(vii) Deferred tax

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

(viii) Inventories

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

(x) Valuation of land

Valuation of land in Indonesia under the Group's subsidiary company is determined by management based on estimated fair value and provisional Hak Guna Usaha ("HGU"). HGU is subject to changes by the Government of Indonesia.

4 Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the Group's statutory consolidated financial statements for the year ended 31 December 2015 in their report dated 29 February 2016.

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 as disclosed in Note 7.

7 Other Expenses

Other expenses consist of the following:

| | Note | RM'000 |
|-------------------------------------|------|---------------|
| a) Change in fair value of forestry | 13 | 14,066 |
| b) Other expenses | | 2,632 |
| Total | | <u>16,698</u> |

8 Finance cost

| | CUMULATIVE | |
|--------------|---------------------------|-----------------------------|
| | Current Year RM'000 | Preceding Year RM'000 |
| Finance cost | <u>13,842</u> | <u>16,800</u> |

The reduction in finance cost charged to income statement for the third quarter ended 2016 was due to the SUKUK rationalisation exercise carried out in May 2015 where the total amount of the SUKUK principal outstanding was restructured and reissued by a SPV company (a wholly-owned subsidiary of the Company).

9 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.

10 Changes In Debt And Equity Securities

During the nine months period under review, The Group:

- i) Issued RM60 million SUKUK Murabahah ("SUKUK") with maturity periods of 6 to 10 years from the date of issuance at effective profit margins of 5.71% to 6.10%
- ii) Drawdown of RM80 million of its Commodity Mudharabah Facility at a effective profit margin of 5.75%
- iii) Drawdown of RM5.0 million term loan from Forest Plantation Development at an effective profit margin of 3.00%
- iv) Principal repayment of RM50 million SUKUK at an effective profit margin of 4.97%

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

11 Dividends

There were no dividends paid or declared during the third quarter ended 30 September 2016.

12 Plantation development expenditure

| | Note | As at 30.09.2016 RM'000 | As at 31.12.2015 RM'000 |
|---------------------------------------------------------------|------|-------------------------------|-------------------------------|
| At 1 January | | 405,595 | 749,784 |
| Change in fair value recognised in other comprehensive income | | - | (6,949) |
| Less: Transfer to forestry | 13 | - | (107,105) |
| | | 405,595 | 635,730 |
| Additions during the year | | 85,568 | 128,594 |
| Effect of movement in exchange rate | | 1,917 | 3,639 |
| Less: Transfer to property, plant and equipment | 33 | (148,223) | (362,368) |
| | | - | - |
| At 30 September/31 December | | 344,857 | 405,595 |

13 Forestry

| | Note | As at 30.09.2016 RM'000 | As at 31.12.2015 RM'000 |
|--------------------------------------------------------------|------|-------------------------------|-------------------------------|
| Fair Value of Forestry as at 1 January | | 145,905 | - |
| Transfer from plantation development expenditure | 12 | - | 107,105 |
| Additions during the year | | 16,387 | 19,298 |
| Additions in nurseries | | 4,481 | 5,041 |
| Change in fair value recognised profit and loss | | (14,066) | 14,461 |
| | | 152,707 | 145,905 |
| Fair Value of Forestry as at 30 September/31 December | | 152,707 | 145,905 |

13.1 Fair value information

The fair value of forestry is categorised as follows:

| | 30.09.2016 | | 31.12.2015 | |
|----------|-------------------|-----------------|-------------------|-----------------|
| | Level 3 RM'000 | Total RM'000 | Level 3 RM'000 | Total RM'000 |
| Forestry | 152,707 | 152,707 | 145,905 | 145,905 |

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

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

14 Intangible assets

| | As at 30.09.2016 RM'000 | As at 31.12.2015 RM'000 |
|-----------------------------------------|-------------------------------|-------------------------------|
| Cost | | |
| Balance at the beginning of year | 73,265 | 73,265 |
| Transfer from assets held for sale | - | - |
| Derecognition of goodwill | - | - |
| 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 2016 was based on the following key assumptions:

- o Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for a further 25-year period were extrapolated using a constant growth rate of 3% (2015: 3%), which does not exceed the long term average growth rate of the industry. Management believes that this 30-year forecast period is appropriate as it represents one full cycle of the oil palm tree.
- o Price of Fresh Fruit Bunches ("FFB") was determined based on long term pricing of Crude Palm Oil (averaging at RM2,477) and Palm Kernel price (averaging at RM1,660). Oil extraction rate ("OER") (16%) and kernel extraction rate ("KER") (4%) were determined based on past years' trend.
- o A pre-tax discount rate of 12% was applied in determining the recoverable amount of the unit.

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

15 Other investments

| | As at 30.09.2016 RM'000 | As at 31.12.2015 RM'000 |
|--------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Non-current | | |
| Available-for-sale financial assets | 1,920 | 1,920 |
| Less: Impairment loss | (95) | (95) |
| | <u>1,825</u> | <u>1,825</u> |
| Current | | |
| Deposits placed with licensed banks (maturity period more than 3 months) | 33,077 | 4,127 |
| At 30 September/31 December | <u>34,902</u> | <u>5,952</u> |

16 Cash and cash equivalents

| | As at 30.09.2016 RM'000 | As at 31.12.2015 RM'000 |
|-------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Deposits placed with licensed bank (maturity period less than 3 months) | 26,317 | 61,458 |
| Cash and bank balances | 24,297 | 14,132 |
| | <u>50,614</u> | <u>75,590</u> |

17 Operating segments

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

| | Oil Palm Plantation RM'000 | Forestry RM'000 | Management Services RM'000 | Elimination RM'000 | Consolidated RM'000 |
|----------------------------------------------------------------|----------------------------------|--------------------|----------------------------------|-----------------------|------------------------|
| RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2016 | | | | | |
| External operating revenue | 170,296 | - | 12 | - | 170,308 |
| Inter-segment revenue | 25,573 | - | 6,133 | (31,706) | - |
| Total operating revenue | 195,869 | - | 6,145 | (31,706) | 170,308 |
| Other income | 22,612 | 41 | - | (19,956) | 2,697 |
| | 218,481 | 41 | 6,145 | (51,662) | 173,005 |
| Operating expenses | (140,265) | - | (6,602) | 15,287 | (131,580) |
| Segment results | 78,216 | 41 | (457) | (36,375) | 41,425 |
| Other expenses | (9,181) | (5,769) | (1,167) | 5,221 | (10,896) |
| Finance costs | (23,547) | - | - | 18,513 | (5,034) |
| Profit before tax | 45,488 | (5,728) | (1,624) | (12,641) | 25,495 |
| 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 UP TO THIRD QUARTER ENDED 30 SEPTEMBER 2016 | | | | | |
| External operating revenue | 392,194 | - | 38 | - | 392,232 |
| Inter-segment revenue | 57,899 | - | 15,225 | (73,124) | - |
| Total operating revenue | 450,093 | - | 15,263 | (73,124) | 392,232 |
| Other income | 68,178 | 2,378 | - | (62,563) | 7,993 |
| | 518,271 | 2,378 | 15,263 | (135,687) | 400,225 |
| Operating expenses | (353,872) | - | (22,294) | 34,662 | (341,504) |
| Segment results | 164,399 | 2,378 | (7,031) | (101,025) | 58,721 |
| Other expenses | (24,430) | (14,487) | (3,348) | 13,262 | (29,003) |
| Finance costs | (72,076) | - | - | 58,234 | (13,842) |
| Profit before tax | 67,893 | (12,109) | (10,379) | (29,529) | 15,876 |
| 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 |
| ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2016 | | | | | |
| Assets that belong to the Group | 5,605,802 | 192,854 | 25,041 | (2,272,987) | 3,550,710 |
| Total assets | 5,605,802 | 192,854 | 25,041 | (2,272,987) | 3,550,710 |
| Liabilities that belong to the Group | 3,098,490 | 147,969 | 51,085 | (1,394,466) | 1,903,078 |
| Total liabilities | 3,098,490 | 147,969 | 51,085 | (1,394,466) | 1,903,078 |
| ASSETS AND LIABILITIES AS AT 31 DECEMBER 2015 | | | | | |
| Assets that belong to the Group | 5,409,964 | 179,359 | 16,241 | (2,146,148) | 3,459,416 |
| Total assets | 5,409,964 | 179,359 | 16,241 | (2,146,148) | 3,459,416 |
| Liabilities that belong to the Group | 2,938,431 | 126,594 | 31,906 | (1,261,388) | 1,835,543 |
| Total liabilities | 2,938,431 | 126,594 | 31,906 | (1,261,388) | 1,835,543 |

18 Valuation Of Property, Plant And Equipment

There was no valuation of the property, plant and equipment in the current quarter under review except as disclosed in Note 13.

19 Material Event Subsequent To The Balance Sheet Date

On 25 November 2016, the Company had entered into a Share Purchase Agreement ("SPA") with Dupont & Leosk Enterprises Sdn. Bhd to dispose 25,000,000 ordinary shares of RM1.00 each held by THP in THP Gemas Sdn. Bhd. ("Gemas") representing 100% equity interest in Gemas for a total cash consideration of RM152 million. The transaction is expected to be completed in December 2016.

20 Changes In The Composition Of The Group

There were no changes in the composition of the Group for the current quarter under review except as disclosed in Note 19.

21 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 28 November 2016.

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

**As at
30.09.2016**

RM'000

Approved and contracted for
Approved but not contracted for

21,243

142,607

163,850

23 Material Related Party Transactions

**For the third
quarter ended
30.09.2016**

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

| | | | |
|-------------------------------------|-----------------|----------------------------|--------------|
| Syarikat Takaful Malaysia | Related Company | Insurance premium | 3,183 |
| TH Travel Services Sdn Bhd | Related Company | Purchase of flight tickets | 438 |
| Deru Semangat Sdn Bhd | Related Company | Management fees | 38 |
| Sistem Komunikasi Gelombang Sdn Bhd | Related Company | Telecommunication services | 384 |

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

For the current quarter ended 30 September 2016, the Group's revenue stood at RM170.31 million (3Q15: RM133.49 million), a 28% increase compared to the corresponding period last year. This increase is mainly attributed to higher average realised prices of CPO, PK and FFB.

| | | Third quarter | | | |
|---------------------|-----------------|---------------|--------|----------|--------|
| | | 2016 | 2015 | Variance | % |
| Sales Volume | | | | | |
| Crude palm oil | (Metric tonnes) | 51,283 | 52,269 | (986) | (1.89) |
| Palm kernel | (Metric tonnes) | 11,090 | 11,465 | (375) | (3.27) |
| FFB | (Metric tonnes) | 34,771 | 32,324 | 2,447 | 7.57 |

| | | Third quarter | | | |
|--------------------------------|------------|---------------|-------|----------|-------|
| | | 2016 | 2015 | Variance | % |
| Average realised prices | | | | | |
| Crude palm oil | (RM/tonne) | 2,451 | 2,036 | 415 | 20.38 |
| Palm kernel | (RM/tonne) | 2,405 | 1,339 | 1,066 | 79.61 |
| FFB | (RM/tonne) | 516 | 361 | 155 | 42.94 |

(ii) Cumulative quarter

For the third quarter ended 30 September 2016, the Group's revenue stood at RM392.23 million (3Q15: RM325.98 million), a 20% increase compared to the corresponding period last year. This increase is mainly attributed to higher average realised prices of CPO, PK and FFB.

| | | Cumulative quarter | | | |
|---------------------|-----------------|--------------------|---------|----------|--------|
| | | 2016 | 2015 | Variance | % |
| Sales Volume | | | | | |
| Crude palm oil | (Metric tonnes) | 123,301 | 123,901 | (600) | (0.48) |
| Palm kernel | (Metric tonnes) | 27,067 | 27,376 | (309) | (1.13) |
| FFB | (Metric tonnes) | 74,359 | 69,661 | 4,698 | 6.74 |

| | | Cumulative quarter | | | |
|--------------------------------|------------|--------------------|-------|----------|-------|
| | | 2016 | 2015 | Variance | % |
| Average realised prices | | | | | |
| Crude palm oil | (RM/tonne) | 2,391 | 2,086 | 305 | 14.62 |
| Palm kernel | (RM/tonne) | 2,212 | 1,516 | 696 | 45.91 |
| FFB | (RM/tonne) | 501 | 374 | 127 | 33.96 |

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

Profit before tax for the current quarter ended 30 September 2016 was higher by RM10.52 million or 70% compared to the corresponding quarter last year mainly attributed to 28% higher revenue, driven by higher average sales prices.

(ii) Cumulative quarter

Profit before tax for the third quarter ended 30 September 2016 was lower by RM8.66 million or 35% compared to the corresponding period last year mainly attributed to higher other expenses arising from fair value charged for forestry (Note 13).

25 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:

| | | 2016 | 2016 | Variance | % |
|--------------------------------------|-----------------|-----------|-----------|----------|--------|
| | | Quarter 3 | Quarter 2 | | |
| Sales Volume | | | | | |
| Crude palm oil | (Metric tonnes) | 51,283 | 42,319 | 8,964 | 21.18 |
| Palm kernel | (Metric tonnes) | 11,090 | 9,171 | 1,919 | 20.92 |
| FFB | (Metric tonnes) | 34,771 | 18,215 | 16,556 | 90.89 |
| Average realised prices | | | | | |
| Crude palm oil | (RM/tonne) | 2,451 | 2,429 | 22 | 0.91 |
| Palm kernel | (RM/tonne) | 2,405 | 2,220 | 185 | 8.33 |
| FFB | (RM/tonne) | 516 | 508 | 8 | 1.57 |
| Revenue and Profit before tax | | | | | |
| Revenue | | 170,308 | 132,406 | 37,902 | 28.63 |
| Profit before tax | | 25,495 | 6,049 | 19,446 | 321.47 |

Compared to the preceding quarter, revenue for the third quarter ended 30 September 2016 was higher by 29%. This is mainly attributed to higher average prices realised. Profit before tax was higher mainly due to higher revenue and higher gross profit margin by 29% and 13% respectively.

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

The Group's performance showed continued and solid recovery in the third quarter of 2016, buoyed by substantially higher commodity prices. The Board is cautiously optimistic of seeing an equally robust fourth quarter performance, given current high commodity prices supported by the weak MYR and lower production across the industry. Nevertheless, the Board is mindful of other external factors that may affect the Group's performance for the rest of the year, including a possible occurrence of La Nina, weaker demand from China, India and the EU, as well as intense competition from other vegetable oils. Despite the short-term headwinds, the Board believes that the long-term fundamentals of the palm oil sector remain attractive and the Group shall remain focused in carrying out its long term development and consolidation plans.

(b) Projection of Targets Previously Announced

On 12 April 2016, the Group announced its 2016 targets which were to achieve 3.33% return on equity ("ROE"), 20.32 mt/ha FFB yield per matured hectare and to distribute approximately 50% of profit attributable to owners of THP Group as dividend.

i) As at 30 September 2016, the Group achieved an annualised ROE of 2.04%.

ii) As at 30 September 2016, the Group achieved an FFB yield of 11.64mt/ha.

iii) The distribution of dividends from PATAMI will be done after the finalisation of the Group's audited financial statements for financial year 2016.

27 Variance of Actual Profit from Forecast Profit

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

| | Third Quarter | | Cumulative Quarter | |
|----------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | Current Year RM'000 | Preceding Year RM'000 | Current Year RM'000 | Preceding Year RM'000 |
| Current | 7,131 | 5,464 | 10,233 | 10,267 |
| Deferred | (5,141) | (3,340) | (18,268) | (10,197) |
| | <u>1,990</u> | <u>2,124</u> | <u>(8,035)</u> | <u>70</u> |

Income tax is calculated at the Malaysian statutory tax rate of 24% 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.

29 Realised and Unrealised Profits

| | As at 30.09.2016 RM'000 | As at 31.12.2015 RM'000 |
|---------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Realised | 747,934 | 701,506 |
| Unrealised | 38,904 | 44,952 |
| | <u>786,838</u> | <u>746,458</u> |
| Less: Consolidation adjustments | (279,814) | (259,042) |
| Total Group retained earnings as per consolidated interim financial statements | <u>507,024</u> | <u>487,416</u> |

The unrealised portion of retained earnings comprises mainly deferred tax expenses.

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.

30 Unquoted Investments And/Or Properties

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

31 Quoted Investments

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

32 Status Of Corporate Proposals

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

33 Property, Plant and Equipment ("PPE")

As at 30 September 2016, an additional of 3,788 hectares of oil palm estates have reached maturity and reclassified as PPE.

As at 30 September 2016, total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

| | As at 30.09.2016 RM'000 | As at 31.12.2015 RM'000 |
|-------------------------------------------|-------------------------------|-------------------------------|
| Loans and borrowings | | |
| Non current | | |
| Secured: | | |
| Flexi Term Financing-i | 37,215 | 43,715 |
| Ijarah Term Financing-i Facility | 7,745 | 7,768 |
| Commodity Mudharabah Facility | 80,000 | - |
| Unsecured: | | |
| SUKUK Murabahah Medium Term Notes | 1,070,000 | 1,060,000 |
| Term loan - Forest Plantation Development | 20,478 | 17,154 |
| | <u>1,215,438</u> | <u>1,128,637</u> |
| Current | | |
| Secured: | | |
| Flexi Term Financing-i | 9,000 | 9,000 |
| SUKUK Murabahah Medium Term Notes | 80,000 | 80,000 |
| Ijarah Term Financing-i Facility | 12,000 | 12,000 |
| Unsecured: | | |
| Islamic Trade Financing-i | 14,676 | 5,493 |
| | <u>1,331,114</u> | <u>1,235,130</u> |

Maturity analysis

| Tenure | Year of maturity | Profit margin % | Amount RM'000 |
|--------------|------------------|-----------------|------------------|
| Below 1 year | 2016 | 4.97-6.5 | 59,176 |
| 1-2 years | 2017 | 4.67-6.5 | 95,545 |
| 2-3 years | 2018 | 4.55-6.60 | 73,400 |
| 3-4 years | 2019 | 5.35-5.44 | 90,915 |
| 4-5 years | 2020 | 5.44 | 82,867 |
| 5-6 years | 2021 | 5.56 | 83,000 |
| 6-7 years | 2022 | 5.56 | 108,000 |
| 7-8 years | 2023 | 5.8 | 113,800 |
| 8-9 years | 2024 | 5.93 | 119,867 |
| 9-10 years | 2025 | 5.93-6.16 | 130,533 |
| 10-11 years | 2026 | 6.14-6.21 | 153,533 |
| 11-12 years | 2027 | 6.65 | 200,000 |
| 12-13 years | 2028 | - | - |
| 13-14 years | 2029 | 3* | 20,478 |
| | | | <u>1,331,114</u> |

* Soft loan granted by Forest Plantation Development

35 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.

36 Material Litigation

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

In the Case Management held on 27 September 2016, the Federal Court in Kuching has fixed the matter for hearing on 6 to 9 February 2017 and 13 March 2017.

37 Earnings Per Share

| | | UNAUDITED THIRD QUARTER | | UNAUDITED CUMULATIVE QUARTER | | |
|-------------|--------------------------------------------------------------|----------------------------|-------------------|---------------------------------|-------------------|----------------|
| | | Current Year | Preceding Year | Current Year | Preceding Year | |
| (i) | <i>Basic earnings per share</i> | | | | | |
| | Profit attributable to shareholders | RM'000 | <u>19,175</u> | <u>6,192</u> | <u>19,608</u> | <u>17,916</u> |
| | Weighted average number of ordinary shares in issue | '000 | <u>883,851</u> | <u>883,140</u> | <u>883,851</u> | <u>883,140</u> |
| | Basic earnings per share | sen | <u>2.17</u> | <u>0.70</u> | <u>2.22</u> | <u>2.03</u> |
| (ii) | <i>Diluted earnings per share</i> | | | | | |
| | Profit attributable to shareholders | RM'000 | <u>19,175</u> | <u>6,192</u> | <u>19,608</u> | <u>17,916</u> |
| | Weighted average number of ordinary shares in issue | '000 | <u>883,851</u> | <u>883,140</u> | <u>883,851</u> | <u>883,140</u> |
| | Effect of dilution (ESOS outstanding) | '000 | <u>-</u> | <u>(39)</u> | <u>-</u> | <u>(39)</u> |
| | Adjusted weighted average number of ordinary shares in issue | '000 | <u>883,851</u> | <u>883,101</u> | <u>883,851</u> | <u>883,101</u> |
| | Diluted earnings per share | sen | <u>2.17</u> | <u>0.70</u> | <u>2.22</u> | <u>2.03</u> |

38 Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 28 November 2016.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
28 November 2016