TH PLANTATIONS BERHAD (12696-M)

MEDIA RELEASE

IMPACT OF EL NINO WEIGHS DOWN ON TH PLANTATIONS' 1QFY2016 PERFORMANCE

- FFB production increases 1%
- Revenue increases 9%
- Higher expenses further depress margins

KUALA LUMPUR, 23rd May 2016 – TH Plantations Berhad ("THP" or the "Group") announced its first quarter ("1QFY2016") financial results today, reporting a 1QFY2016 revenue of RM89.52 million, an increase of 9% compared to the corresponding quarter last year.

The higher revenues were mainly driven by stronger sales prices of Crude Palm Oil ("CPO") at RM2,235 per metric tonne and Palm Kernel ("PK") at RM1,888 per metric tonne, which were higher by 8% and 17% respectively. However, the impact of higher sales prices was offset by weaker production where Fresh Fruit Bunches ("FFB") production only increased by 1% despite a 9% increase in mature oil palm land bank. Production had been anticipated to be seasonally weak for 1QFY2016, but conditions were exacerbated by the effects of El Nino and weather anomalies seen in recent months. Crude Palm Oil ("CPO") production fell by 5% compared to the corresponding period last year, to 29,502 metric tonnes.

In 1QFY16, the Group also recognised lower fair value from its forestry assets as well as a foreign currency translation loss from its Indonesian assets. As a result, the Group swung into a net loss of RM9.45 million in 1QFY16.

Commenting on the performance of the Group, Dato' Zainal Azwar bin Zainal Aminuddin, Chief Executive Officer and Executive Director of THP, said "The El Nino phenomenon has caused significantly lower crop production among industry players, including TH Plantations. Although the subdued production supports the prices of palm oil and its products in the near term, the positive effects of higher prices are neutralised by lower FFB and CPO production."

He added, "Our margins also continue to be impacted by higher expenses in the form of depreciation and amortisation as well as finance expenses following the major acquisitions we made in 2012. These are pains that are necessary to facilitate our growth, but weaker production has amplified the impact of these growth pains on our bottom line."

He concluded, "Undeniably, most of the challenges faced by the sector are due to factors that are beyond our control but we are hopeful for improved performance in the second quarter of the year on the back of better production and stable CPO prices. We will continue with initiatives to mitigate the challenges we face, particularly those that are within our control, as best as we can. We have tightened our belts and implemented comprehensive cost control measures throughout our operations. Although these may not be enough to negate the impact of the current operating and economic challenges, they will at least help us cushion the effects. At the same time, we are also in the process of exploring options to safeguard our financial position under the current operating conditions.”

End

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<u>About TH Plantations Berhad</u>

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

As at 31 March 2016, the Group has approximately 97,000 hectares of land located in Pahang, Johor, Negeri Sembilan, Terengganu, Sabah and Sarawak, of which about 60,000 hectares have been planted with oil palm. Additionally, the Group owns about 8,000 hectares of greenfield land in Kalimantan, Indonesia. To diversify its income stream in coming years, approximately 6,000 hectares of its land bank have been planted with rubber and more are in the course of planting.

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

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