



## MEDIA RELEASE

### TH PLANTATIONS REGISTERS FY2015 NET PROFIT OF RM23.93 MILLION

- **FY2015 more challenging than initially anticipated**
- **Average realised prices for the year 9% lower**
- **Production severely impacted by weather effects**

**KUALA LUMPUR, 29<sup>th</sup> February 2016** – TH Plantations Berhad (“THP” or the “Group”) announced its fourth quarter (“4QFY2015”) and financial year ending 31 December 2015 (“FY2015”) financial results, reporting a FY2015 Profit After Tax (“PAT”) of RM23.93 million on the back of RM455.30 million revenue. The Group’s Fresh Fruit Bunches (“FFB”) production for the year stood at 797,600 metric tonnes, marginally higher than the same period last year, while Crude Palm Oil (“CPO”) production increased by 4% to 176,045 metric tonnes compared to the corresponding period last year.

For 4QFY2015, FFB production improved by 13% year-on-year to 218,812 metric tonnes, while CPO production increased by 25% to 49,515 metric tonnes compared to the same period last year. The stronger production translated into higher revenue of RM129.33 million, an improvement of 30% compared to the same period last year. However, the Group’s bottom line was weighed down by higher operating expenses and write-offs of provisions in 4QFY2015, and THP swung into the red with a net loss of RM0.53 million.

Commenting on the performance of the Group, Dato’ Zainal Azwar bin Zainal Aminuddin, Chief Executive Officer and Executive Director of THP, said “2015 turned out to be even more challenging for the palm oil sector than initially anticipated. Not only did the industry had to contend with weaker production particularly in the first half of the year, the volatility of commodity prices too proved to be a hindrance for a solid recovery in the sector. THP itself saw weak production in the first half of the year that was largely induced by the delayed impact of adverse weather conditions, particularly the prolonged drought in Sabah and Sarawak. In the second half of the year, THP recorded modest growth in production but commodity prices were weaker in the second half of the year compared to the first half of the year, thereby lessening the positive impact of improved production.”

The Group’s average realised selling prices for CPO in FY2015 was RM2,081 per metric tonne (from a gross traded price of RM2,158 per metric tonne) compared to RM 2,277 per metric tonne, or a 9% decrease compared to the previous financial year. For 4QFY2015, its average realised CPO selling price was RM2,070 per metric tonne (from a gross traded price of RM2,162 per metric tonne), compared to RM2,041 per metric tonne, a marginal increase of 1% from the same period last year.



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He added, “Our margins were severely 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 and volatile prices have amplified the impact of these growth pains on our bottom line. In fact, our bottom line for the year was largely supported by accounting profits arising from the fair valuation of our forestry assets as well as the recognition of higher deferred tax assets and not from our core business of palm oil.”

He further added, “Undeniably, most of the challenges faced by the sector are due to factors that are beyond our control, and the outlook for year 2016 is rather uncertain. In the short-term, CPO prices may be at supportive levels between RM2,300 to RM2,500 per tonne, but lower production may translate into less than maximum revenues.”

He concluded, “We shall therefore continue with initiatives to mitigate these persistent challenges, 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.”

# End #



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### **About TH Plantations Berhad**

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 December 2015, the Group has approximately 96,000 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 8,400 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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