TH PLANTATIONS BERHAD

(Incorporated in Malaysia)
(Company No : 12696-M)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	UNAUDITED SECOND QUARTER		UNAUDITED CUMULATIVE	
		CURRENT YEAR 30.06.15 RM'000	PRECEDING YEAR 30.06.14 RM'000 (Restated)	CURRENT YEAR 30.06.15 RM'000	PRECEDING YEAR 30.06.14 RM'000 (Restated)
Revenue	21 (a)	**110,180**	**132,589**	**192,484**	**256,835**
Cost of sales		**(80,621)**	**(80,955)**	**(146,037)**	**(162,821)**
Depreciation and amortisation		**(20,986)**	**(20,383)**	**(36,998)**	**(40,408)**
Gross profit		**8,573**	**31,251**	**9,449**	**53,606**
Other income		**13,918**	**2,857**	**25,895**	**3,879**
Administrative expenses		**(5,649)**	**(4,712)**	**(8,577)**	**(8,488)**
Other expenses		**(1,353)**	**(1,173)**	**(1,880)**	**(1,803)**
Depreciation		**(412)**	**(243)**	**(796)**	**(474)**
Zakat expense		**(62)**	**(15)**	**(191)**	**(204)**
Profit from operations		**15,015**	**27,965**	**23,900**	**46,516**
Finance costs		**(5,775)**	**(6,382)**	**(14,340)**	**(12,917)**
Profit before tax	21 (b)	**9,240**	**21,583**	**9,560**	**33,599**
Tax expense	25	**(2,717)**	**5,028**	**2,054**	**1,421**
Profit for the period		**6,523**	**26,611**	**11,614**	**35,020**
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		**(1)**	**58**	**(36)**	**58**
Other comprehensive income, net of tax		**(1)**	**58**	**(36)**	**58**
Total comprehensive income for the period		**6,522**	**26,669**	**11,578**	**35,078**
Profit attributable to:					
Owners of the Company		**5,145**	**20,243**	**11,724**	**25,949**
Non-Controlling Interests		**1,378**	**6,368**	**(110)**	**9,071**
Profit for the period		**6,523**	**26,611**	**11,614**	**35,020**
		-	-	-	-
Total comprehensive income attributable to:					
Owners of the Company		**5,144**	**20,297**	**11,685**	**26,003**
Non-Controlling Interests		**1,378**	**6,372**	**(107)**	**9,075**
Total comprehensive income for the period		**6,522**	**26,669**	**11,578**	**35,078**
		-	-	-	-
Earnings per share (sen) :					
Basic earnings per share	35	**0.58**	**2.29**	**1.33**	**2.94**
Diluted earnings per share	35	**0.58**	**2.22**	**1.33**	**2.84**

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 30.6.15 RM'000 (unaudited)	As at 31.12.14 RM'000 (Restated)	As at 31.12.13 RM'000 (Restated)
Assets				
Property, plant & equipment	30	**2,575,923**	**2,250,598**	**1,961,740**
Plantation development expenditure-Oil Palm		**331,229**	**626,471**	**765,091**
Plantation development expenditure-Timber	10	**141,474**	**108,373**	**70,715**
Intangible assets	11	**73,265**	**73,265**	**73,265**
Other investment	12	**6,049**	**22,630**	**599**
Total non-current assets		**3,127,940**	**3,081,337**	**2,871,410**
Inventories		**38,895**	**40,073**	**39,238**
Current tax assets		**11,547**	**6,274**	**9,499**
Trade and other receivables		**87,344**	**83,452**	**77,335**
Prepayments and other assets		**3,917**	**3,718**	**3,451**
Cash and cash equivalents	13	**152,531**	**364,295**	**145,235**
		294,234	**497,812**	**274,758**
Assets classified as held for sale		**-**	**-**	**35,281**
Total current assets		**294,234**	**497,812**	**310,039**
Total assets		**3,422,174**	**3,579,149**	**3,181,449**
Equity				
Capital reserve		**782,343**	**782,406**	**778,081**
Retained earnings		**425,148**	**431,099**	**414,376**
Total equity attributable to equity holders of the Company		**1,207,491**	**1,213,505**	**1,192,457**
Non-controlling interests		**403,677**	**403,784**	**396,679**
Total equity		**1,611,168**	**1,617,289**	**1,589,136**
Liabilities				
Loans and borrowings	31	**1,233,976**	**1,089,082**	**997,513**
Deferred income	32	**22,139**	**22,139**	**-**
Deferred tax liabilities		**280,468**	**287,325**	**301,013**
Trade and other payables		**12,614**	**12,448**	**11,885**
Total non-current liabilities		**1,549,197**	**1,410,994**	**1,310,411**
Current liabilities				
Loan and borrowings	31	**20,526**	**10,000**	**10,000**
Trade and other payables		**240,529**	**538,067**	**264,963**
Current tax liabilities		**754**	**2,799**	**3,716**
		261,809	**550,866**	**278,679**
Assets classified as held for sale		**-**	**-**	**3,223**
Total current liabilities		**261,809**	**550,866**	**281,902**
Total liabilities		**1,811,006**	**1,961,860**	**1,592,313**
Total equity and liabilities		**3,422,174**	**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 SECOND QUARTER ENDED 30 JUNE 2015

	Attributable to equity holders of the Company								
	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	Total RM'000	Non-controlling Interests RM'000	Total 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	-	-	-	(39)	-	-	(39)	3	(36)
Profit for the year	-	-	-	-	-	11,724	11,724	(110)	11,614
Total comprehensive income for the quarter	-	-	-	(39)	-	11,724	11,685	(107)	11,578
Issuance of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-	-	-
Adjustment on fair value of ESOS	-	-	-	-	(24)	-	(24)	-	(24)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	(17,675)	(17,675)	-	(17,675)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-
At 30 June 2015 (unaudited)	441,925	420,827	(82,557)	(103)	2,251	425,148	1,207,491	403,677	1,611,168

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 SECOND QUARTER ENDED 30 JUNE 2015

	Note	FOR THE SECOND QUARTER ENDED	
		30.06.15 RM'000 (unaudited)	30.6.14 RM'000 (Restated)
Cash flows from operating activities			
Profit before tax		9,560	33,599
Adjustment for non-cash flow items		27,425	51,363
Operating profit before changes in working capital		36,985	84,962
Changes in working capital			
Net changes in working capital		(288,814)	(6,629)
Cash (used in)/generated from operations		(251,829)	78,333
Finance cost		(38,999)	(14,025)
Profit margin income from short term Islamic deposits and inter-company receivables		3,647	611
Tax paid		(12,119)	(14,552)
Tax refund		12,778	3,693
Net cash (used in) / generated from operating activities		(286,522)	54,060
Cash flows from investing activities			
Acquisition of property, plant and equipment		(11,320)	(17,077)
Acquisition of subsidiaries, net of cash and cash equivalents acquired		-	(12,622)
Decrease in deposits pledged		277	3,781
Plantation development expenditure		(68,418)	(83,150)
Increase in other investment		16,581	-
Net cash used in investing activities		(62,880)	(109,068)
Cash flows from financing activities			
Repayment of loans and borrowings		(2,050)	(465)
Dividends paid to owners of the Company		(17,479)	(31,630)
Proceeds from issuance of SUKUK Murabahah		140,000	40,000
Proceeds from loan drawdown		17,444	-
Proceeds from issuance of new shares		-	4,292
Net cash generated from financing activities		137,915	12,197
Net decrease in cash and cash equivalents		(211,487)	(42,811)
Cash and cash equivalents at beginning of the year		362,339	141,308
Cash and cash equivalents at end of the period		150,852	98,497
Cash and cash equivalents comprise:			
Deposits	13	127,246	73,161
Cash and bank balances	13	25,285	25,469
		152,531	98,630
Assets classified as held for sale		-	28
		152,531	98,658
Less :			
Deposits pledged		(1,679)	(161)
		150,852	98,497

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	70,715
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	108,373

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	429	3,155

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	301,013	414,376
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	287,325	431,099

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 produstion 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) Contigencies

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contigencies 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

During the second quarter ended 30 June 2015, the Company declared and paid a final dividend of 2.00 sen per ordinary share in respect of financial year ended 31 December 2014 as approved by shareholders at the Company's AGM on 20 May 2015 amounting to RM17.68 million.

10 Plantation Development-Timber

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000 (Restated)
At 1 January	108,373	70,715
Additions	11,769	37,093
Change in fair value recognised in profit and loss	21,332	565
	141,474	108,373

10.1 Fair value information

Fair value of timber categorised as follows:

	30.06.2015		31.12.2014	
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Timber	21,332	21,332	565	565

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
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the assets, taking into account expected yield growth rate, future development costs and price based on RM230 per cubic metre.The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the assets.	• *Expected yield growth (5%).* • *Expected future development costs (RM1,170/Ha-RM1,200/Ha)* • *Price of timber per cubic metre (RM230/m3).* • *Risk-adjusted discount rates (10%).*	*The estimated fair value would increase (decrease) if:* • *expected yield growth were higher (lower);* • *expected future development costs were higher (lower);* • *Price were higher (lower);or* • *risk-adjusted discount rates were higher (lower).*

Valuation processes applied by the Group for Level 3 fair value

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. The valuation company provides the fair value of the Group's timber portfolio every six months. Changes in Level 3 fair values are analysed by the management every six months after obtaining valuation report from the valuation company.

11 Intangible assets

	As at 30.06.2015 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	73,265	73,265
Carrying amounts		
Balance at the beginning of year	73,265	73,265
Balance at the end of year	73,265	73,265

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 June 2015 was based on the following key assumptions:

- 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.
- Price of FFB was determined based on long term pricing of CPO and PK price of RM2,300/mt and RM1,500/mt.
- Oil extraction rate ("OER") and kernel extraction rate ("KER") were determined based on past years' trend.
- Cost of production growth were determined based on past years' trend.
- 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 30.06.2015 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)
	1,825	1,825
Deposits placed with licensed banks	4,224	20,805
	6,049	22,630

13 Cash and cash equivalents

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Deposits placed with licensed bank	127,246	354,946
Cash and bank balances	25,285	9,349
	152,531	364,295

14 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.

RESULTS FOR 3 MONTHS ENDED 30 JUNE 2015	Oil Palm Plantation RM'000	Timber Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
External operating revenue	110,171	-	9	-	110,180
Inter-segment revenue	16,027	-	4,509	(20,536)	-
Total operating revenue	126,198	-	4,518	(20,536)	110,180
Other income	25,410	12,472	-	(23,964)	13,918
	151,608	12,472	4,518	(44,500)	124,098
Operating expenses	(100,117)	-	(9,575)	8,085	(101,607)
Segment results	51,491	12,472	(5,057)	(36,415)	22,491
Other expenses	(8,887)	(55)	(1,561)	3,027	(7,476)
Finance costs	(25,695)	-	-	19,920	(5,775)
Profit before tax	16,909	12,417	(6,618)	(13,468)	9,240

RESULTS FOR 3 MONTHS ENDED 30 JUNE 2014					
External operating revenue	132,589	-	-		132,589
Inter-segment revenue	16,992	-	4,788	(21,780)	-
Total operating revenue	149,581	-	4,788	(21,780)	132,589
Other income	24,444	141	-	(21,728)	2,857
	174,025	141	4,788	(43,508)	135,446
Operating expenses	(97,275)	-	(6,103)	2,040	(101,338)
Segment results	76,750	141	(1,315)	(41,468)	34,108
Other expenses	(8,350)	(94)	(1,234)	3,535	(6,143)
Finance costs	(22,413)	(6)	-	16,037	(6,382)
Profit before tax	45,987	41	(2,549)	(21,896)	21,583

RESULTS UP TO SECOND QUARTER ENDED 30 JUNE 2015	Oil Palm Plantation RM'000	Timber Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
External operating revenue	192,475	-	9	-	192,484
Inter-segment revenue	27,628	-	8,088	(35,716)	-
Total operating revenue	220,103	-	8,097	(35,716)	192,484
Other income	50,586	21,497	-	(46,188)	25,895
	270,689	21,497	8,097	(81,904)	218,379
Operating expenses	(181,739)	-	(15,684)	14,388	(183,035)
Segment results	88,950	21,497	(7,587)	(67,516)	35,344
Other expenses	(14,686)	(116)	(2,692)	6,050	(11,444)
Finance costs	(51,682)	-	-	37,342	(14,340)
Profit before tax	22,582	21,381	(10,279)	(24,124)	9,560

RESULTS UP TO SECOND QUARTER ENDED 30 JUNE 2014					
External operating revenue	256,117	-	718		256,835
Inter-segment revenue	36,407	-	9,744	(46,151)	-
Total operating revenue	292,524	-	10,462	(46,151)	256,835
Other income	48,437	286	-	(44,844)	3,879
	340,961	286	10,462	(90,995)	260,714
Operating expenses	(203,994)	-	(12,744)	13,509	(203,229)
Segment results	136,967	286	(2,282)	(77,486)	57,485
Other expenses	(15,566)	(149)	(2,494)	7,240	(10,969)
Finance costs	(44,548)	(6)	-	31,637	(12,917)
Profit before tax	76,853	131	(4,776)	(38,609)	33,599

ASSETS AND LIABILITIES AS AT 30 JUNE 2015	RM'000	RM'000	RM'000	RM'000	RM'000
Assets that belong to the Group	5,248,619	211,991	9,843	(2,048,279)	3,422,174
Total assets	5,248,619	211,991	9,843	(2,048,279)	3,422,174
Liabilities that belong to the Group	2,841,254	154,998	23,000	(1,208,246)	1,811,006
Total liabilities	2,841,254	154,998	23,000	(1,208,246)	1,811,006

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 28 August 2015.

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

	As at 30.06.2015
	RM'000
Approved and contracted for	5,421
Approved but not contracted for	202,474
	207,895

20 Material Related Party Transactions

			For the second quarter ended 30.06.2015
Transactions with THP			
Transacting Parties	**Relationship**	**Nature of transactions**	**RM'000**
Lembaga Tabung Haji	Holding Corporation	Lease of land	**1,331**
Lembaga Tabung Haji	Holding Corporation	Rental of office	**966**
Transactions with THP Group			
CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	**15,657**
Syarikat Takaful Malaysia	Related Company	Insurance premium	**2,497**
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication services	**141**
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	**327**

NOTES PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

21 Review Of Performance

(a) Revenue

(i) Current quarter

For the current quarter ended 30 June 2015, the Group's revenue stood at RM110.18 million (2Q14: RM132.59 million), a 17% decrease in its revenue compared to the corresponding period last year. This is mainly attributed to the lower average prices realised.

		Second quarter			
Sales Volume		**2015**	**2014**	**Variance**	**%**
Crude palm oil	*(Metric tonnes)*	41,718	37,908	3,810	10.05
Palm kernel	*(Metric tonnes)*	8,790	8,123	667	8.21
FFB	*(Metric tonnes)*	24,723	42,646	(17,923)	(42.03)

		Second quarter			
Average realised prices		**2015**	**2014**	**Variance**	**%**
Crude palm oil	*(RM/tonne)*	2,092	2,524	(432)	(17.12)
Palm kernel	*(RM/tonne)*	1,540	2,014	(474)	(23.54)
FFB	*(RM/tonne)*	378	482	(104)	(21.58)

(ii) Cumulative quarter

The Group recorded a 25% decrease in its revenue of RM192.48 million for the second quarter ended 30 June 2015 compared to the corresponding period last year (2Q14: RM256.84).This is mainly contributed by lower volume and average prices realised.

		Cumulative quarter			
Sales Volume		**2015**	**2014**	**Variance**	**%**
Crude palm oil	*(Metric tonnes)*	71,632	77,004	(5,372)	(6.98)
Palm kernel	*(Metric tonnes)*	15,911	17,238	(1,327)	(7.70)
FFB	*(Metric tonnes)*	37,337	59,400	(22,063)	(37.14)

		Cumulative quarter			
Average realised prices		**2015**	**2014**	**Variance**	**%**
Crude palm oil	*(RM/tonne)*	2,121	2,515	(394)	(15.67)
Palm kernel	*(RM/tonne)*	1,644	1,963	(319)	(16.25)
FFB	*(RM/tonne)*	385	482	(97)	(20.12)

(b) Profit before tax

(i)Current quarter

Profit before tax for the current quarter ended 30 June 2015 was lower by 57% compared to the corresponding quarter last year, mainly attributed to lower gross profit margins (decrease by 67%) driven by lower average prices realised.

(ii) Cumulative quarter

Profit before tax for the second quarter ended 30 June 2015 was lower by 72% 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		
Sales Volume		**Quarter 2**	**Quarter 1**	**Variance**	**%**
Crude palm oil	*(Metric tonnes)*	41,718	29,914	11,804	39.46
Palm kernel	*(Metric tonnes)*	8,790	7,121	1,669	23.44
FFB	*(Metric tonnes)*	24,723	12,615	12,108	95.98

		2015	2015		
Average realised prices		**Quarter 2**	**Quarter 1**	**Variance**	**%**
Crude palm oil	*(RM/tonne)*	2,092	2,162	(70)	(3.24)
Palm kernel	*(RM/tonne)*	1,540	1,772	(232)	(13.09)
FFB	*(RM/tonne)*	378	398	(20)	(5.03)

	2015	2015		
	Quarter 2	**Quarter 1**	**Variance**	
	RM'000	**RM'000**	**RM'000**	**%**
Revenue	**110,180**	**82,304**	**27,876**	**33.87**
Profit before tax	**9,240**	**320**	**8,920**	**2,787.50**

Compared to the preceding quarter, revenue for the second quarter ended 30 June 2015 was higher by 34%. 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 34% and 631% 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 June 2015, the Group achieved a 1.94% 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 second 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

	Second Quarter		Cumulative Quarter	
	Current Year RM'000	Preceding Year RM'000	Current Year RM'000	Preceding Year RM'000
Current	2,975	3,982	4,803	11,874
Deferred	(258)	(9,010)	(6,857)	(13,295)
	2,717	(5,028)	(2,054)	(1,421)

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 30.06.2015 RM'000	As at 31.12.2014 RM'000 (restated)
Realised	690,879	735,986
Unrealised	1,670	(8,444)
	692,549	727,542
Less: Consolidation adjustments	(267,401)	(296,443)
Total Group retained earnings as per consolidated interim financial statements	425,148	431,099

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 June 2015, 8,205 hectares of oil palm estates have reached maturity and reclassified as PPE.

31 Group Borrowings

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

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Loans and borrowings		
Non current		
Secured:		
Flexi Term Financing-i	50,665	54,258
Ijarah Term Financing-i Facility	21,893	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
	1,233,976	1,089,082
Current		
Secured:		
Flexi Term Financing-i	5,050	
Ijarah Term Financing-i Facility	10,000	10,000
Unsecured:		
Trade-line Hong Leong Islamic Bank	5,476	-
	1,254,502	1,099,082

Maturity analysis

Tenure	Year of maturity	Profit margin %	Amount Non Current RM'000
1-2 years	2016	4.97-6.5	123,526
2-3 years	2017	4.67-6.5	90,893
3-4 years	2018	4.55-6.60	67,000
4-5 years	2019	5.35-5.44	81,665
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
			1,254,502

* Soft loan granted by Forest Plantation Development

32 Deferred income

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Non-current		
Government grant	22,139	22,139

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

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

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

At the Pre Trial Case Management held on 25 May 2015, the Kuching High Court had fixed the date of the full trial between 17 August 2015 to 19 August 2015.

On 17 August 2015, the Kuching High Court had granted a Consent Order to THP's subsidiaries, namely, TH PELITA Sadong Sdn Bhd and TH PELITA Gedong Sdn Bhd respectively, as follows:

1 The Plaintiffs are entitled to enter all their lands comprising:

- Provisional Lease Lot 2 Block 6 Melikin Land District;
- Provisional Lease Lot 166 Block 5 Melikin Land District; and
- Lease of State Land Lot 12 Block 3 Melikin Land District (formerly known as Provisional Lease Lot 2979 Melikin Land District),

to rehabilitate the cultivations therein, keep clear and harvest oil palm fresh fruit bunches therefrom and keep all proceeds thereof without any interference, hindrance or obstruction from the Defendants and any persons they claim to represent in the suit.

2 The Defendants undertake that the permitted activities by the Plaintiffs shall subsist until the disposal of the Federal Court Appeal No. 01-[f]-26-12/2014, or unless substituted by any subsequent Consent Order that may be reached in the event ongoing negotiations for an amicable settlement is obtained.

With the Consent Order, all matters pertaining to the suit have been fully settled.

35 Earnings Per Share

			UNAUDITED SECOND QUARTER		UNAUDITED CUMULATIVE QUARTER	
			Current Year	Preceding Year (Restated)	Current Year	Preceding Year (Restated)
(i)	***Basic earnings per share***					
	Profit attributable to shareholders	**RM'000**	**5,145**	**20,243**	**11,724**	**25,949**
	Weighted average number of ordinary shares in issue	**'000**	**883,140**	**882,910**	**883,140**	**882,910**
	Basic earnings per share	**sen**	**0.58**	**2.29**	**1.33**	**2.94**
(ii)	***Diluted earnings per share***					
	Profit attributable to shareholders	**RM'000**	**5,145**	**20,243**	**11,724**	**25,949**
	Weighted average number of ordinary shares in issue	**'000**	**883,140**	**882,910**	**883,140**	**882,910**
	Effect of dilution (ESOS outstanding)	**'000**	**653**	**29,430**	**653**	**29,430**
	Adjusted weighted average number of ordinary shares in issue	**'000**	**883,793**	**912,340**	**883,793**	**912,340**
	Diluted earnings per share	**sen**	**0.58**	**2.22**	**1.33**	**2.84**

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 28 August 2015.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
28 August 2015