

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 31 December 2015 - unaudited

	Note	31 December 2015 RM'000	31 December 2014 RM'000
Assets			
Property, plant and equipment		920,364	896,320
Prepaid lease payments		4,110	4,391
Oil palm plantation development expenditure		340,652	326,911
Reforestation expenditure		89,403	87,269
Deferred tax assets		8,316	797
Timber concessions		31,880	39,049
Goodwill		10,926	11,406
Other intangible assets		5,727	6,797
Total non-current assets		1,411,378	1,372,940
Inventories		161,407	126,074
Property development costs		1,442	1,441
Trade and other receivables	14	75,442	62,519
Current tax recoverable		156	644
Cash and cash equivalents	22	311,955	297,862
Other investments	23	11,572	21,787
Total current assets		561,974	510,327
Total assets		1,973,352	1,883,267
Financed by:			
Capital and reserves			
Share capital		370,736	370,736
Treasury shares		(904)	(904)
Foreign exchange translation reserve		18,152	5,578
Retained earnings	33	794,043	682,777
Total equity attributable to owners of the Company		1,182,027	1,058,187
Non-controlling interests		35,582	31,867
Total equity		1,217,609	1,090,054
Liabilities			
Deferred tax liabilities		86,280	85,915
Deferred income		42,305	40,815
Borrowings	27	327,303	377,831
Employee benefits		22,204	18,604
Total non-current liabilities		478,092	523,165
Trade and other payables		129,048	115,593
Deferred income		2,538	1,250
Borrowings	27	127,868	138,581
Employee benefits		2,012	1,602
Current tax payable		16,185	13,022
Total current liabilities		277,651	270,048
Total liabilities		755,743	793,213
Total equity and liabilities		1,973,352	1,883,267
Net assets per share (RM)		3.19	2.85

The unaudited 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 profit or loss and other comprehensive income
For the year ended 31 December 2015 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 31 December 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2014 RM'000	Current Year Ended 31 December 2015 RM'000	Preceding Year Ended 31 December 2014 RM'000
Revenue	9	268,842	269,335	1,046,790	1,011,626
Cost of sales		(176,694)	(204,725)	(712,924)	(730,675)
Gross profit		92,148	64,610	333,866	280,951
Finance income		3,347	2,917	9,498	7,853
Other operating income		22,319	4,352	44,130	10,792
Unrealised gain/ (loss) in foreign exchange		2,764	(2,182)	6,567	(2,261)
Distribution costs		(17,695)	(19,427)	(59,278)	(65,115)
Administrative expenses		(27,643)	(11,331)	(62,746)	(46,257)
Other expenses		(6,778)	(3,846)	(16,717)	(12,457)
Profit from operations		68,462	35,093	255,320	173,506
Other non-operating income		-	-	-	16,809
Finance costs		(5,318)	(6,185)	(21,749)	(21,919)
Profit before tax	9	63,144	28,908	233,571	168,396
Tax expense	21	(399)	(7,521)	(42,520)	(42,958)
Profit for the period/ year		62,745	21,387	191,051	125,438
Other comprehensive (loss)/ income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(562)	195	(562)	195
Item that is or may be reclassified subsequently to profit or loss					
Foreign exchange translation differences for foreign operations		3,677	(606)	12,574	(525)
Other comprehensive income/ (loss) for the period/ year, net of tax		3,115	(411)	12,012	(330)
Total comprehensive income for the period/ year		65,860	20,976	203,063	125,108
Profit attributable to:					
Owners of the Company		57,982	21,614	185,936	123,653
Non-controlling interests		4,763	(227)	5,115	1,785
Profit for the period/ year		62,745	21,387	191,051	125,438
Total comprehensive income attributable to:					
Owners of the Company		61,097	21,203	197,948	123,323
Non-controlling interests		4,763	(227)	5,115	1,785
Total comprehensive income for the period/ year		65,860	20,976	203,063	125,108
Earnings per share attributable to owners of the Company :					
Basic/ Diluted earnings per ordinary share (sen)	31	15.65	5.83	50.18	33.37

The unaudited condensed consolidated statement of profit or loss and other 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.

Company No: 419232-K

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Condensed consolidated statement of changes in equity
For the year ended 31 December 2015 - unaudited

	← Attributable to owners of the Company →						
	← Non-distributable →		Foreign exchange translation reserve	Distributable Retained earnings	Total	Non- controlling interests	Total equity
	Share capital RM'000	Treasury shares RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	370,736	(904)	5,578	682,777	1,058,187	31,867	1,090,054
Remeasurement of defined benefit liability	-	-	-	(562)	(562)	-	(562)
Foreign exchange translation differences	-	-	12,574	-	12,574	-	12,574
Total other comprehensive income/ (loss) for the year	-	-	12,574	(562)	12,012	-	12,012
Profit for the year	-	-	-	185,936	185,936	5,115	191,051
Total comprehensive income for the year	-	-	12,574	185,374	197,948	5,115	203,063
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(74,108)	(74,108)	-	(74,108)
- Dividends to non-controlling interests	-	-	-	-	-	(1,400)	(1,400)
Total transactions with owners of the Company	-	-	-	(74,108)	(74,108)	(1,400)	(75,508)
At 31 December 2015	370,736	(904)	18,152	794,043	1,182,027	35,582	1,217,609
At 1 January 2014	370,736	(904)	6,103	633,037	1,008,972	30,282	1,039,254
Remeasurement of defined benefit liability	-	-	-	195	195	-	195
Foreign exchange translation differences	-	-	(525)	-	(525)	-	(525)
Total other comprehensive (loss)/ income for the year	-	-	(525)	195	(330)	-	(330)
Profit for the year	-	-	-	123,653	123,653	1,785	125,438
Total comprehensive income for the year	-	-	(525)	123,848	123,323	1,785	125,108
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(74,108)	(74,108)	-	(74,108)
- Dividends to non-controlling interests	-	-	-	-	-	(200)	(200)
Total transactions with owners of the Company	-	-	-	(74,108)	(74,108)	(200)	(74,308)
At 31 December 2014	370,736	(904)	5,578	682,777	1,058,187	31,867	1,090,054

The unaudited 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.

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Condensed consolidated statement of cash flows
For the year ended 31 December 2015 - unaudited

	1 January 2015 to 31 December 2015 RM'000	1 January 2014 to 31 December 2014 RM'000
Cash flows from operating activities		
Profit before tax	233,571	168,396
<i>Adjustments for:</i>		
Amortisation of plantation development expenditure	16,193	13,219
Amortisation of prepaid lease payments	281	316
Amortisation of goodwill	480	674
Amortisation of other intangible assets and timber concessions	8,675	8,674
Depreciation of property, plant and equipment	59,028	67,846
Dividend income	(4)	-
Amortisation of deferred income	(1,679)	(1,249)
Finance costs	21,749	21,919
Finance income	(9,498)	(7,853)
Net gain on disposal of property, plant and equipment	(326)	(123)
Impairment loss on property, plant and equipment	-	222
Property, plant and equipment written off	679	285
Property, plant and equipment expensed off	-	635
Unrealised foreign exchange (gain)/ loss	(6,567)	2,261
Employee benefits	3,600	2,674
Reversal of impairment loss on property, plant and equipment	(13,490)	-
Operating profit before changes in working capital	<u>312,692</u>	<u>277,896</u>
Changes in working capital:		
Inventories	(32,149)	(6,184)
Employee benefits	-	208
Trade and other receivables, prepayments and other assets	(12,610)	6,691
Trade and other payables	<u>11,607</u>	<u>5,308</u>
Cash generated from operations	<u>279,540</u>	<u>283,919</u>
Interest paid	(3,360)	(3,874)
Income tax paid	(43,224)	(33,531)
Employee benefits paid	<u>(160)</u>	<u>(253)</u>
Net cash from operating activities	<u>232,796</u>	<u>246,261</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(39,857)	(65,727)
Proceeds from disposal of property, plant and equipment	2,274	2,206
Plantation development expenditure incurred	(32,576)	(35,441)
Upliftment/ (Placement) of fixed deposits with original maturities exceeding three months	10,950	(20,500)
Dividend received	4	-
Interest received	<u>9,498</u>	<u>7,853</u>
Net cash used in investing activities	<u>(49,707)</u>	<u>(111,609)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(74,108)	(74,108)
Dividends to non-controlling interests	(1,400)	(200)
Repayment of borrowings	(59,780)	(6,401)
Repayment of finance lease liabilities	(15,289)	(16,086)
Government grant received	-	20,925
(Placement)/ Upliftment of pledged deposits	(735)	140
Finance lease interest paid	(2,825)	(1,118)
Term loan interest/ profit paid	<u>(15,564)</u>	<u>(19,101)</u>
Net cash used in financing activities	<u>(169,701)</u>	<u>(95,949)</u>
Net increase in cash and cash equivalents	13,388	38,703
Effect of exchange rate fluctuations on cash held	705	(203)
Cash and cash equivalents at 1 January	<u>297,862</u>	<u>259,362</u>
Cash and cash equivalents at 31 December (Note 22)	<u>311,955</u>	<u>297,862</u>

The unaudited condensed 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.

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Notes to the interim financial report

1 Basis of Preparation

The interim financial report has been prepared in accordance with FRS 134: *Interim Financial Reporting* and paragraph 9.22 of Listing Requirements of the Bursa Malaysia Securities Berhad.

The preparation of an interim financial report in conformity with FRS 134, *Interim Financial Reporting*, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2014. It contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 December 2014. The condensed consolidated interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Financial Reporting Standards (FRSs).

The statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office.

2 Significant Accounting Policies

2.1 Change in accounting policies

The significant accounting policies adopted in the preparation of this interim financial report are consistent with those in the audited financial statements for the year ended 31 December 2014, except for the adoption of the following standards, amendments and interpretations:

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRSs 2011-2013 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 124, *Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 138, *Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)*
- Amendments to FRS 140, *Investment Property (Annual Improvements to FRSs 2011-2013 Cycle)*

The adoption of the new and revised FRSs, IC Interpretations and Amendments has no material impact to the Group's consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year.

2.2 Malaysian Financial Reporting Standards (MFRS) Framework

On 8 September 2015, MASB has confirmed that the effective date of MFRS 15 *Revenue from Contracts with Customers* will be deferred to annual periods beginning on or after 1 January 2018. The MASB has consistently used the effective date of MFRS 15 as the basis for setting the effective date for Transitioning Entities (TEs) to apply MFRS. As a result, the effective date for the TEs to apply MFRS will also be deferred to annual periods beginning on or after 1 January 2018.

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Given that certain group entities are TEs, the financial statements of the Group will continue to be prepared in compliance with FRS for the financial year ending 31 December 2015, 31 December 2016 and 31 December 2017. They will be prepared in compliance with MFRS from the financial year beginning on 1 January 2018.

3 Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the audited financial statements for the year ended 31 December 2014 in their report dated 9 April 2015.

4 Seasonality or Cyclicity of Operations

The Group's operations were not subject to any seasonal or cyclical changes for the current quarter under review.

5 Unusual Items

There are no unusual items that have any material impact on the interim financial report.

6 Changes in Estimates

There were no changes in estimates that have had a material effect on the current quarter and financial year-to-date results.

7 Debt and Equity Securities, Share Buy-back

There were no issuances or repayment of debt or equity securities during the financial quarter under review.

As at 31 December 2015, the number of ordinary shares repurchased in an earlier period and retained as treasury shares is 199,400 shares.

8 Dividend

An interim single-tier ordinary dividend of 10 sen per ordinary share for the financial year ended 31 December 2015, amounting to RM37,053,708 was paid on 17 August 2015 to depositors registered in the Record of Depositors at the close of business on 20 July 2015.

A second interim single-tier ordinary dividend of 10 sen per ordinary share for the financial year ended 31 December 2015, amounting to RM37,053,708 was paid on 22 December 2015 to depositors registered in the Record of Depositors at the close of business on 3 December 2015.

The total dividend declared to date for the financial year ended 31 December 2015 is 20 sen per ordinary share.

No dividend has been proposed by the Directors for the financial quarter under review (corresponding period in Year 2014: nil).

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9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	Year ended 31 December			
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Timber products	588,703	580,263	148,529	86,874
Oil palm	457,886	431,296	89,767	82,809
Reforestation	201	67	(4,344)	(575)
Property development	-	-	(381)	(712)
	<u>1,046,790</u>	<u>1,011,626</u>	<u>233,571</u>	<u>168,396</u>

10 Valuation of Property, Plant and Equipment

The valuations of buildings, wharf and jetty have been brought forward, without amendment from the previous audited financial statements.

11 Subsequent Events

There were no significant events that have occurred during the interval between the end of the current quarter and the date of this announcement.

12 Changes in Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

13 Contingent Liabilities or Assets

There were no material changes in the contingent liabilities or assets since the last annual reporting date.

14 Trade and Other Receivables

	As At 31 December 2015 RM'000	As At 31 December 2014 RM'000
Current assets		
Trade receivables	44,433	37,302
Interest receivable	854	254
Other receivables	5,784	1,648
Deposits	3,784	2,075
Prepayments		
-Plant and machinery	1,934	6,291
-Land premium	7,057	5,978
-Others	10,911	8,346
Advance to a log supplier	90	90
Other advances	595	535
	<u>75,442</u>	<u>62,519</u>

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15 Capital Commitments

	As At 31 December 2015 RM'000
Property, plant and equipment	
- Contracted but not provided for	2,349
- Authorised but not contracted for	46,207
	<hr/> 48,556
Plantation development expenditure	
- Authorised but not contracted for	33,191
Leasehold land held for subsidiaries' use	
- Approved and contracted for	15,130
	<hr/> <hr/> 96,877

16 Review of Performance

- (a) For the quarter under review, a revenue of RM268.84 million was achieved compared to RM269.34 million of the corresponding quarter in 2014. Profit before tax jumped by 118% from RM28.91 million to RM63.14 million and profit after tax also increased to RM62.75 million, tripled the RM21.39 million of the corresponding quarter in 2014.

Increased profit was attributed to the significantly higher profit from operations with contribution from the reversal of impairment loss provided previously, and the recognition of unrecognized deferred tax assets.

Main factors contributing to the better operational performance were as follow:

- Higher oil palm fresh fruit bunch ('FFB') and crude palm oil ('CPO') production by 16% and 9% respectively; and
 - Better average selling prices of export logs and plywood by 13% and 21% respectively.
- (b) For the year 2015, the revenue improved marginally from RM1,011.63 million in 2014 to RM1,046.79 million. Profit before tax rose by 39% to RM233.57 million and net profit was 52% higher at RM191.05 million. Increased FFB and CPO production and sales volume by 12% and higher average selling price of export logs by 25% and plywood by 15% were the main factors contributing to the profit surge.

17 Variation of Results as compared to the Preceding Quarter

Revenue and net profit in the quarter under review were RM268.84 million and RM63.14 million compared to RM298.91 million and RM91.32 million respectively of the preceding quarter.

Lower FFB production in the off-peak crop season and a drop in timber and timber products export volume coupled with lower average selling prices of both palm oil and timber products accounted for the decrease in revenue and profit.

18 Current Year Prospects

2016 began with the traditional lethargic demand for timber and timber products. Log market is expected to pick up, with the continuing short supply in export logs.

Plywood demand is expected to slow down in the first quarter of the year as timber traders/buyers in Japan minimize their inventory holdings before the year end book closing at the end of March. Demand is anticipated to accelerate in early April. The approaching Tokyo Olympics in 2020 will provide the

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Notes to the interim financial report

impetus to the construction industry in Japan. However, Japanese locally produced plywood will be competing with imported plywood in the supply of building materials.

In marketing, the plywood division will be exploring new markets to diversify its export destinations.

In overseas operation, our newly established plywood mill in Tasmania, having fine tuned its operation, will be raising its plywood production, targeting to expand its market share in the local Australian market.

FFB production from the Group's oil palm estates increased by 12% in 2015. Production is expected to rise further as the palms in our relatively young estates maturing. With the anticipated recovery of palm oil price, higher revenue contribution is expected from the palm oil sector.

In the Group's drive to meet the challenges of the new year, focus will be in cost management, enhancing operational efficacy and efficiency, increasing productivity and revising operational and marketing strategies to accommodate the changing operating environment and shifting of buyers' preferences.

Barring unforeseen circumstances, the Board of Directors expects a satisfactory operational performance in 2016.

19 Profit Forecast

Not applicable as the Group did not publish any profit forecast.

20 Profit for the period/ year

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the period/ year is arrived at after crediting/ (charging):				
Finance income	3,347	2,917	9,498	7,853
Finance costs	(5,318)	(6,185)	(21,749)	(21,919)
Depreciation and amortisation	(22,231)	(32,949)	(84,657)	(90,729)
Gain on disposal of property, plant and equipment	131	138	326	123
Property, plant and equipment written off	(41)	(86)	(679)	(285)
Inventories written off	-	(7,036)	-	(7,036)
Write down of inventories to net realisable value	(3,586)	(1,459)	(3,586)	(1,459)
Impairment loss on property, plant and equipment	-	(222)	-	(222)
Reversal of impairment loss on property plant and equipment	13,490	-	13,490	-
Foreign exchange gain/ (loss)				
- realised	1,749	1,367	11,264	3,088
- unrealised	2,764	(2,182)	6,567	(2,261)

Save as disclosed above, the other items required to be disclosed under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.

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Notes to the interim financial report

21 Tax Expense

The taxation charges of the Group for the period/ year under review are as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense				
- Current year	6,871	6,955	46,875	39,661
- Prior years	(8)	(889)	(136)	(889)
	<u>6,863</u>	<u>6,066</u>	<u>46,739</u>	<u>38,772</u>
Deferred tax (income)/ expense				
- Current year	(6,464)	348	(4,219)	3,079
- Prior years	-	1,107	-	1,107
	<u>(6,464)</u>	<u>1,455</u>	<u>(4,219)</u>	<u>4,186</u>
Total tax expense	<u>399</u>	<u>7,521</u>	<u>42,520</u>	<u>42,958</u>

Reconciliation of tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the period/ year	62,745	21,387	191,051	125,438
Total tax expense	399	7,521	42,520	42,958
Profit excluding tax	<u>63,144</u>	<u>28,908</u>	<u>233,571</u>	<u>168,396</u>
Tax calculated using Malaysian tax rate of 25%				
- Prima facie income tax expense	15,786	7,227	58,393	42,099
- (Non-taxable income)/ Non-deductible expenses	(7,444)	956	(2,902)	9,810
- Double deduction for certain expenses	(1,670)	(1,660)	(6,562)	(6,663)
- Tax exempt income	(71)	-	(207)	-
- Movements in unrecognised deferred tax assets	(6,066)	(23)	(6,066)	(23)
- Utilisation of tax losses not recognized in prior year	-	803	-	(2,483)
- (Over)/ Under provision in prior years	(136)	218	(136)	218
Tax expense for the period/ year	<u>399</u>	<u>7,521</u>	<u>42,520</u>	<u>42,958</u>

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22 Cash and Cash Equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
Cash in hand	39	200
Cash at banks	139,861	146,267
Fixed deposits with original maturities not exceeding three months	172,055	151,395
	<u>311,955</u>	<u>297,862</u>

23 Other Investments

	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
Fixed deposits with original maturities exceeding three months	10,000	20,950
Fixed deposits pledged to banks	1,572	837
	<u>11,572</u>	<u>21,787</u>

Fixed deposits of subsidiaries amounting to RM1,572,291 (2014: RM837,271) are pledged to licensed banks for bank facilities granted thereto.

24 Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties during the financial quarter under review.

25 Quoted Investments

There was no purchase or disposal of quoted securities during the financial quarter under review.

26 Status of Corporate Proposal

There were no corporate proposals announced or pending completion as at the date of this announcement.

27 Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2015 were as follows: -

		As at 31 December 2015 RM'000
<u>Current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Bankers' acceptances/ Export Credit Refinancing	10,425
	Revolving Credits	56,000
	Term loans	
	- Conventional	30,007
	- Islamic	18,000
Secured -	Finance lease liabilities	13,436
		<u>127,868</u>

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Non-current

Denominated in Ringgit Malaysia

Unsecured -	Term loans	
	- Conventional	119,100
	- Islamic	182,000
Secured -	Term loans	16,430
	Finance lease liabilities	9,773
		<hr/>
		327,303
		<hr/>
Total		456,171

28 Material Litigation

There are no pending material litigations as at the date of this announcement other than the following:

- (a) The High Court delivered a ruling on 11 July 2014 allowing claim in a suit action filed by certain inhabitants of long houses and settlements situated at Sg. Bakumah, Igan within the provisional lease of the state land described as Lot 550 Kabang Land District held by a subsidiary company, Ta Ann Pelita Igan Plantation Sdn. Bhd. covering roughly 450 hectares, the writ of Summons of which was filed on 16 February 2012 collectively against the subsidiary and four other defendants.

A Notice of Application for Stay of Execution was filed on 30 October 2014, and the Court of Appeal rescheduled the first appeal to 20 April 2016.

- (b) On 26 August 2014, certain natives claiming to be inhabitants of Melanau and Iban communities and villages situated at Kampung Kebuaw Lama, Kampung Baru Sungai Sah, Kebuaw and Sungai Ilas Batang Igan within the provisional lease of the state land known as Lot 2 Block 3 Lassa Land District held by a subsidiary company, Ta Ann Pelita Igan Plantation Sdn. Bhd. filed a writ of Summons against the subsidiary and four other defendants. The plaintiffs claimed various orders, relief and damages including a declaration that the issuance of the said provisional lease covering the plaintiffs' claimed areas of approximately 719 hectares was unlawful, unconstitutional, null and void.

At the pre-trial case management hearing for this suit in March 2015, the plaintiffs' claim was struck out by the Court with liberty to file afresh due to non-compliance with pre-trial directions.

On 13 October 2015, the plaintiff refiled the Writ and Statement of Claim. The High Court Sibuluan fixed the final management hearing on 12 April 2016 and trial on 5 September 2016.

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Notes to the interim financial report

29 Significant Related Party Transactions

The Group entered into the following transactions with related parties, other than compensations to Directors and other key management personnel (see Note 30), during the current financial year:

	Year ended 31 December	
	2015 RM'000	2014 RM'000
Transactions with an associate		
Sales of logs and timber products	(7,811)	(9,257)
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	51,350	64,911
Food ration expenses	3,596	3,524
Handling fees, transportation & freight charges	21,125	25,581
Hiring of equipment	3	146
Insurance premium	4,568	4,404
Purchase of fresh fruit bunches	113	554
Purchase of seeds & seedlings	-	146
Purchase of property, plant and equipment	323	24
Rental of premises paid	50	44
Purchase of spare parts, fertilizer & consumables	18,928	14,716
Purchase of logs and timber products	4,965	1,564
Security charges	84	84
Repair and maintenance	2	-
Computer hardware & software development fees	1,615	701
Purchase of diesel and lubricants	21,161	22,198
Road toll received	(864)	(182)
Sales of logs and timber products	(11,678)	(12,183)
Sales of fresh fruit bunches	(40,448)	(40,207)
Sales of spare parts, fertilizer & consumables	(56)	(43)
Empty bunch subsidised	(10)	(3)
Log compensation received	-	(14)
Hiring income	(25)	(49)
Income from rental of premises	(119)	(132)
Handling fee received	(2,588)	(3,099)
Transport subsidised	(1,312)	(1,139)
	=====	=====

30 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	Year ended 31 December	
	2015 RM'000	2014 RM'000
Directors		
- Fees	1,235	1,055
- Remunerations	17,362	9,024
- Other short-term employee benefits	-	448
	<u>18,597</u>	<u>10,527</u>
Other key management personnel		
- Fees	213	-
- Remunerations	8,885	6,852
	<u>9,098</u>	<u>6,852</u>
Total	<u>27,695</u>	<u>17,379</u>

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Notes to the interim financial report

31 Earnings Per Share

	3 months ended 31 December 2015	Year ended 31 December 2015
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM57,982</u>	<u>RM185,936</u>
Weighted average number of ordinary shares in issue ('000)	<u>370,537</u>	<u>370,537</u>
Basic earnings per ordinary share (sen)	<u>15.65</u>	<u>50.18</u>
(b) Diluted	<u>15.65</u>	<u>50.18</u>

32 Gain/Losses arising from Fair Value Changes of Financial Liabilities

There were no gains or losses arising from fair value changes of financial liabilities for the current quarter ended 31 December 2015.

33 Realised and Unrealised Profits Disclosure

The retained earnings is analysed as follows:

	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	1,096,798	979,087
- Unrealised	<u>(71,397)</u>	<u>(87,378)</u>
	1,025,401	891,709
Less: Consolidation adjustments	<u>(231,358)</u>	<u>(208,932)</u>
Total Group retained earnings as per consolidated accounts	<u>794,043</u>	<u>682,777</u>

34 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 February 2016.