

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 30 September 2016 - unaudited

	Note	30 September 2016 RM'000	31 December 2015 RM'000
Assets			
Property, plant and equipment		910,332	927,819
Prepaid lease payments		3,866	4,077
Oil palm plantation development expenditure		342,135	341,129
Reforestation expenditure		91,441	88,966
Deferred tax assets		8,241	8,165
Timber concessions		25,550	30,431
Goodwill		10,372	10,732
Other intangible assets		5,607	7,055
Total non-current assets		1,397,544	1,418,374
Inventories		159,166	156,100
Property development costs		1,441	1,441
Trade and other receivables	14	99,165	72,495
Current tax recoverable		2,221	314
Cash and cash equivalents	22	325,331	319,027
Other investments	23	38,400	4,500
Total current assets		625,724	553,877
Total assets		2,023,268	1,972,251
Financed by:			
Capital and reserves			
Share capital		444,844	370,736
Treasury shares		(904)	(904)
Foreign exchange translation reserve		19,178	18,152
Retained earnings	33	797,164	796,181
Total equity attributable to owners of the Company		1,260,282	1,184,165
Non-controlling interests		42,581	33,889
Total equity		1,302,863	1,218,054
Liabilities			
Deferred tax liabilities		89,050	85,553
Deferred income		40,494	42,305
Borrowings	27	288,768	327,361
Employee benefits		24,715	22,204
Total non-current liabilities		443,027	477,423
Trade and other payables		148,301	127,544
Deferred income		2,544	2,538
Borrowings	27	112,957	127,810
Employee benefits		2,681	2,012
Current tax payable		10,895	16,870
Total current liabilities		277,378	276,774
Total liabilities		720,405	754,197
Total equity and liabilities		2,023,268	1,972,251
Net assets per share (RM)		2.83	3.19

The unaudited 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.

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 30 September 2016 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter Ended	Corresponding	To date	Corresponding
		30 September	Quarter Ended	30 September	Period Ended
		2016	30 September	2016	30 September
		RM'000	2015	RM'000	2015
			RM'000		RM'000
Revenue	9	349,884	298,913	837,497	777,948
Cost of sales		(244,971)	(188,664)	(621,406)	(536,230)
Gross profit		104,913	110,249	216,091	241,718
Finance income		2,573	2,404	7,108	6,151
Other operating income		6,371	12,202	18,148	21,811
Unrealised gain in foreign exchange		302	2,226	82	3,803
Distribution costs		(17,895)	(15,189)	(46,411)	(41,583)
Administrative expenses		(11,672)	(12,790)	(34,772)	(35,103)
Other expenses		(4,096)	(2,565)	(12,210)	(9,939)
Profit from operations		80,496	96,537	148,036	186,858
Finance costs		(4,545)	(5,218)	(14,557)	(16,431)
Profit before tax	9	75,951	91,319	133,479	170,427
Tax expense	21	(18,336)	(20,931)	(30,769)	(42,121)
Profit for the period		57,615	70,388	102,710	128,306
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign exchange translation differences for foreign operations		8,213	7,651	1,026	8,897
Other comprehensive income for the period, net of tax		8,213	7,651	1,026	8,897
Total comprehensive income for the period		65,828	78,039	103,736	137,203
Profit attributable to:					
Owners of the Company		52,061	67,424	93,618	127,954
Non-controlling interests		5,554	2,964	9,092	352
Profit for the period		57,615	70,388	102,710	128,306
Total comprehensive income attributable to:					
Owners of the Company		60,274	75,075	94,644	136,851
Non-controlling interests		5,554	2,964	9,092	352
Total comprehensive income for the period		65,828	78,039	103,736	137,203
Earnings per share attributable to owners of the Company :					
Basic/ Diluted earnings per ordinary share (sen) as originally reported for the quarter ended 30 June 2015		-	18.20	-	34.53
Basic/ Diluted earnings per ordinary share (sen) after the bonus issues effected in June 2016	31	11.71	15.16	21.05	28.78

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

Company No: 419232-K

TA ANN HOLDINGS BERHAD

Condensed consolidated statement of changes in equity
For the period ended 30 September 2016 - unaudited

	← Attributable to owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign exchange translation reserve RM'000	Distributable Retained earnings RM'000			
At 1 January 2016	370,736	(904)	18,152	796,181	1,184,165	33,889	1,218,054
Foreign exchange translation differences	-	-	1,026	-	1,026	-	1,026
Total other comprehensive income for the period	-	-	1,026	-	1,026	-	1,026
Profit for the period	-	-	-	93,618	93,618	9,092	102,710
Total comprehensive income for the period	-	-	1,026	93,618	94,644	9,092	103,736
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(18,527)	(18,527)	-	(18,527)
- Dividends to non-controlling interests	-	-	-	-	-	(400)	(400)
- Issue of bonus shares	74,108	-	-	(74,108)	-	-	-
Total transactions with owners of the Company	74,108	-	-	(92,635)	(18,527)	(400)	(18,927)
At 30 September 2016	444,844	(904)	19,178	797,164	1,260,282	42,581	1,302,863
At 1 January 2015	370,736	(904)	5,578	682,777	1,058,187	31,867	1,090,054
Foreign exchange translation differences	-	-	8,897	-	8,897	-	8,897
Total other comprehensive income for the period	-	-	8,897	-	8,897	-	8,897
Profit for the period	-	-	-	127,954	127,954	352	128,306
Total comprehensive income for the period	-	-	8,897	127,954	136,851	352	137,203
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(37,054)	(37,054)	-	(37,054)
- Dividends to non-controlling interests	-	-	-	-	-	(1,400)	(1,400)
Total transactions with owners of the Company	-	-	-	(37,054)	(37,054)	(1,400)	(38,454)
At 30 September 2015	370,736	(904)	14,475	773,677	1,157,984	30,819	1,188,803

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

Company No: 419232-K

TA ANN HOLDINGS BERHAD

**Condensed consolidated statement of cash flows
For the period ended 30 September 2016 - unaudited**

	1 January 2016 to 30 September 2016 RM'000	1 January 2015 to 30 September 2015 RM'000
Cash flows from operating activities		
Profit before tax	133,479	170,427
<i>Adjustments for:</i>		
Amortisation of plantation development expenditure	13,894	11,891
Amortisation of prepaid lease payments	211	211
Amortisation of goodwill	360	360
Amortisation of other intangible assets and timber concessions	6,349	6,375
Depreciation of property, plant and equipment	48,053	43,589
Dividend income	-	(4)
Deferred income recognised as income	(1,832)	(1,087)
Finance costs	14,557	16,431
Finance income	(7,108)	(6,151)
Gain on disposal of property, plant and equipment	(128)	(195)
Property, plant and equipment written off	703	638
Unrealised foreign exchange gain	(82)	(3,803)
Employee benefits	2,631	1,775
Operating profit before changes in working capital	<u>211,087</u>	<u>240,457</u>
Changes in working capital:		
Inventories	(2,458)	(8,214)
Trade and other receivables, prepayments and other assets	(26,553)	(24,278)
Trade and other payables	23,327	8,225
Cash generated from operations	<u>205,403</u>	<u>216,190</u>
Interest paid	(1,861)	(2,740)
Income tax paid	(32,755)	(29,743)
Employee benefits paid	(120)	-
Net cash from operating activities	<u>170,667</u>	<u>183,707</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(24,190)	(39,308)
Proceeds from disposal of property, plant and equipment	289	1,615
Plantation development expenditure incurred	(16,763)	(25,627)
(Placement)/ Upliftment of fixed deposits with original maturities exceeding three months	(33,900)	10,550
Dividend received	-	4
Interest received	7,108	6,151
Net cash used in investing activities	<u>(67,456)</u>	<u>(46,615)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(18,527)	(37,054)
Dividends to non-controlling interests	(400)	(1,400)
Repayment of borrowings	(53,553)	(51,347)
Repayment of finance lease liabilities	(11,852)	(9,415)
Upliftment/ (Placement) of pledged deposits	404	(730)
Finance lease interest paid	(909)	(1,022)
Term loan interest/ profit paid	(11,787)	(12,669)
Net cash used in financing activities	<u>(96,624)</u>	<u>(113,637)</u>
Net increase in cash and cash equivalents	6,587	23,455
Effect of exchange rate fluctuations on cash held	121	511
Cash and cash equivalents at 1 January	<u>317,716</u>	<u>297,862</u>
Cash and cash equivalents at 30 September (Note 22)	<u>324,424</u>	<u>321,828</u>

The unaudited condensed 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.

Company No : 419232-K

TA ANN HOLDINGS BERHAD

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 2015. 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 2015. 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 2015 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 2015, except for the adoption of the following standards, amendments and interpretations:

- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012 – 2014 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.

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

2 Significant Accounting Policies (continued)

2.2 Malaysian Financial Reporting Standards (MFRS) Framework (continued)

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 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 2015 in their report dated 30 March 2016.

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 30 September 2016, 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 5 sen per ordinary share for the financial year ended 31 December 2016, amounting to RM18,526,854 was paid on 23 June 2016 to depositors registered in the Record of Depositors at the close of business on 3 June 2016.

The Board of Directors has declared a second interim single-tier ordinary dividend for the financial year ended 31 December 2016 of 5 sen per ordinary share (corresponding period in Year 2015: 10 sen) to be paid on 23 December 2016 to depositors whose names appear in the Record of Depositors on 5 December 2016.

A depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into Depositor's Securities Account before 4:00 p.m. on 5 December 2016 in respect of transfers; and
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	9 months ended 30 September			
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Timber products	402,950	454,663	57,375	125,683
Oil palm	434,110	323,187	76,910	46,683
Reforestation	437	98	(648)	(1,735)
Property development	-	-	(158)	(204)
	<u>837,497</u>	<u>777,948</u>	<u>133,479</u>	<u>170,427</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

On 24 October 2016, the Company entered into conditional share sales agreements to acquire the entire equity interest in the issued and paid-up share capital of 2,400,000 ordinary shares of RM1.00 each in Agrogreen Ventures Sdn. Bhd (“Agrogreen”) for a total cash consideration of RM211,142,952.00. The main assets of Agrogreen are its sizeable mineral soil landbank of 5,280 hectares, of which over 5,090 hectares have been planted with oil palms aged from 1 to 5 years.

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 30 September 2016 RM'000	As At 31 December 2015 RM'000
Current assets		
Trade receivables	69,763	45,028
Interest receivable	171	171
Other receivables	5,108	4,913
Deposits	5,176	3,833
Prepayments		
-Plant and machinery	3,538	2,466
-Land premium	5,978	5,978
-Others	8,738	9,728
Advance to a log supplier	90	90
Other advances	603	288
	<u>99,165</u>	<u>72,495</u>

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

15 Capital Commitments

	As At 30 September 2016 RM'000
Property, plant and equipment	
- Contracted but not provided for	4,953
- Authorised but not contracted for	32,657
- Authorised and contracted for	393
	<hr/> 38,003
Plantation development expenditure	
- Authorised but not contracted for	15,898
Leasehold land held for subsidiaries' use	
- Approved and contracted for	46,523
	<hr/> 100,424

16 Review of Performance

- (a) A higher revenue of RM 349.88 million was registered in current quarter under review compared to RM298.91 million of the corresponding quarter in 2015.

The higher revenue were mainly attributed to:

- (i) Higher crude palm oil ('CPO') and fresh fruit bunch ('FFB') average selling price by 25% and 43% respectively; and
- (ii) Increase in sales volume of plywood, CPO and FFB by 6%, 16% and 7% respectively.

Profit before tax and net profit for the quarter were RM75.95 million and RM57.62 million respectively, compared to RM91.32 million and RM70.39 million respectively of the corresponding quarter in 2015. This was mainly due to the lower average selling price in plywood products which affected the profit margins.

- (b) For the first nine months of 2016, the revenue and net profit were RM837.50 million and RM102.71 million respectively, compared to RM777.95 million and RM128.31 million respectively of the corresponding period in 2015.

Higher FFB and CPO sales volumes which increased by 7% and 13% respectively and better FFB and CPO average selling prices, by 27% and 17% respectively, contributed to the higher revenue.

17 Variation of Results as compared to the Preceding Quarter

Revenue and net profit in the quarter under review were RM349.88 million and RM57.62 million respectively compared to RM269.08 million and RM33.13 million respectively of the preceding quarter.

Main factors contributing to the performance were:

Increased in sales volume, especially the plywood, export logs, FFB and CPO which jumped by 10%, 14%, 30%, and 41% respectively as well as the better selling prices for export logs by 17% accounted for the improved performance for the quarter under review.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

18 Current Year Prospects

Palm oil sector overtook the timber sector in leading the Group's source of revenue at 56% vs 44% for timber sector in third quarter, and this translates into profit contribution of 67% by Palm oil sector to the Group profit for the quarter under review. Performance for Palm oil sector is expected to remain as the main contributor in the coming quarter. The lower than expected CPO production in the region in the 3rd Quarter has led to improvement in prices which is anticipated to be carried over into the last quarter.

The State Government's effort in promoting our products in Japan has improved market demand and prices. Coupled with the infrastructure construction works for the coming Olympics, we expect Japan's plywood prices to recover.

Barring unforeseen circumstances, the directors are confident of a satisfactory performance for year 2016.

19 Profit Forecast

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

20 Profit for the period

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		9 months ended 30 September	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Finance income	2,573	2,404	7,108	6,151
Finance costs	(4,545)	(5,218)	(14,557)	(16,431)
Depreciation and amortisation	(21,656)	(22,435)	(68,867)	(62,426)
Gain on disposal of property, plant and equipment	24	50	128	195
Property, plant and equipment written off	(500)	(391)	(703)	(638)
Foreign exchange gain				
- realised	2,696	6,931	7,930	9,515
- unrealised	302	2,226	82	3,803

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.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

21 Tax Expense

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		9 months ended 30 September	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
- Current year	14,211	17,925	24,873	40,004
- Prior years	-	-	-	(128)
	<hr/>	<hr/>	<hr/>	<hr/>
	14,211	17,925	24,873	39,876
Deferred tax expense				
- Current year	4,125	3,006	5,896	2,245
Total tax expense	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	18,336	20,931	30,769	42,121

Reconciliation of tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		9 months ended 30 September	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the period	57,615	70,388	102,710	128,306
Total tax expense	18,336	20,931	30,769	42,121
Profit excluding tax	<hr/>	<hr/>	<hr/>	<hr/>
	75,951	91,319	133,479	170,427

Tax calculated using
Malaysian tax rate of 24%
(2015: 25%)

- Prima facie income tax expense	18,228	22,830	32,035	42,607
- Non-deductible expenses	3,234	53	8,771	4,542
- Double deduction for certain expenses	-	(1,816)	-	(4,892)
- Tax exempt income	-	(136)	-	(136)
- Movements in unrecognised deferred tax assets	(1,289)	-	(4,254)	-
- Utilisation of previously unrecognised deferred tax assets	(1,837)	-	(5,783)	-
Tax expense for the period	<hr/>	<hr/>	<hr/>	<hr/>
	18,336	20,931	30,769	42,121

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

22 Cash and Cash Equivalents

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

	As at 30 September 2016 RM'000	As at 30 September 2015 RM'000
Cash in hand	123	46
Cash at banks	159,975	204,189
Fixed deposits with original maturities not exceeding three months	164,326	117,593
	<hr/> 324,424	<hr/> 321,828
Fixed deposits pledged to banks	907	1,567
	<hr/> 325,331	<hr/> 323,395

Fixed deposits of subsidiaries amounting to RM906,606 (2015: RM1,567,316) are pledged to licensed banks for bank facilities granted thereto.

23 Other Investments

	As at 30 September 2016 RM'000	As at 31 December 2015 RM'000
Fixed deposits with original maturities exceeding three months	38,400	4,500
	<hr/> 38,400	<hr/> 4,500

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

Saved as disclosed in Note 11, 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 30 September 2016 were as follows: -

	As at 30 September 2016 RM'000
<u>Current</u> <i>Denominated in Ringgit Malaysia</i>	
Unsecured - Bankers' acceptances/ Export Credit Refinancing	22,379
Revolving Credits	28,000
Term loans	
- Conventional	27,000
- Islamic	22,500
Secured - Finance lease liabilities	13,078
	<hr/> 112,957

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

27 Group Borrowings and Debt Securities (continued)

	As at 30 September 2016 RM'000
<u>Non-current</u>	
<i>Denominated in Ringgit Malaysia</i>	
Unsecured -	
Term loans	
- Conventional	98,100
- Islamic	164,000
Secured -	
Term loans	16,799
Finance lease liabilities	9,869
	<hr/>
	288,768
Total	<u>401,725</u>

28 Material Litigation

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

- (a) On 16 February 2012, Amba Anak Balleh and 3 others filed a writ of summons against Ta Ann Pelita Igan Plantation Sdn Bhd (“TAPIPSB”), a subsidiary of Ta Ann and four other external defendants not within the Ta Ann Group where 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 450 hectares within the provisional lease of the state land described as Lot 550 Kabang Land District was unlawful, unconstitutional, null and void. The maximum exposure to liabilities will be confined to the approximately 450 hectares claimed by the plaintiffs and Ta Ann is unable to determine the monetary liability impact pending the outcome of the appeal.

The High Court delivered a ruling on 11 July 2014 allowing the plaintiffs’ claim against the defendants. The defendants had filed appeals against the High Court’s ruling with the Court of Appeal, and a Notice of Application for Stay of Execution was filed on 30 October 2014. The hearing of the appeal on 20 October 2016 has been postponed and hearing date has not been fixed by the Court of Appeal yet.

- (b) On 26 August 2014, Sumen Bin Gasan and 6 others 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 TAPIPSB and four other external defendants not within the Ta Ann Group filed a claim with the Sibiu High Court for 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. The maximum exposure to liabilities will be confined to the approximately 719 hectares claimed by the plaintiffs and Ta Ann is unable to determine the monetary liability impact pending the outcome of the trial.

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 trial of the case has ended on 4th November 2016. The High Court has given directions to prepare written submissions and bundles of authorities. Parties will exchange submissions and the Court has fixed clarification in January 2017.

Company No : 419232-K

TA ANN HOLDINGS BERHAD

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:

	9 months ended 30 September	
	2016	2015
	RM'000	RM'000
Transactions with an associate		
Sales of logs and timber products	(3,161)	(4,993)
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	37,415	40,866
Food ration expenses	1,864	2,766
Handling fees, transportation & freight charges	13,070	16,288
Hiring of equipment	2	2
Insurance premium	3,416	4,075
Purchase of fresh fruit bunches	785	23
Purchase of property, plant and equipment	275	145
Rental of premises paid	46	39
Purchase of spare parts, fertilizer & consumables	9,147	14,241
Purchase of logs and timber products	4,153	2,713
Security charges	63	66
Repair and maintenance	-	2
Advisory fee	36	-
Computer hardware & software development fees	167	914
Purchase of diesel and lubricants	11,509	14,904
Road toll received	(103)	(130)
Sales of logs and timber products	(8,431)	(8,711)
Sales of fresh fruit bunches	(42,440)	(29,657)
Sales of spare parts, fertilizer & consumables	(59)	(57)
Empty bunch subsidised	(3)	(10)
Hiring income	(6)	(24)
Income from rental of premises	(103)	(107)
Handling fee received	(3,284)	(1,993)
Transport subsidised	(464)	(988)
	=====	=====

30 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	9 months ended 30 September	
	2016	2015
	RM'000	RM'000
Directors		
- Fees	848	805
- Remunerations	2,775	6,609
	<u>3,623</u>	<u>7,414</u>
Other key management personnel		
- Fees	103	90
- Remunerations	3,363	5,110
	<u>3,466</u>	<u>5,200</u>
Total	<u>7,089</u>	<u>12,614</u>

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

31 Earnings Per Share

	3 months ended 30 September 2016	9 months ended 30 September 2016
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM52,061</u>	<u>RM93,618</u>
Weighted average number of ordinary shares in issue ('000)	<u>444,645</u>	<u>444,645</u>
Basic earnings per ordinary share (sen)	<u>11.71</u>	<u>21.05</u>
(b) Diluted	<u>11.71</u>	<u>21.05</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 30 September 2016.

33 Realised and Unrealised Profits Disclosure

The retained earnings is analysed as follows:

	As at 30 September 2016 RM'000	As at 30 September 2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	1,130,106	1,086,071
- Unrealised	<u>(80,727)</u>	<u>(83,935)</u>
	1,049,379	1,002,136
Less: Consolidation adjustments	<u>(252,215)</u>	<u>(228,459)</u>
Total Group retained earnings as per consolidated accounts	<u>797,164</u>	<u>773,677</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 16 November 2016.