

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 31 December 2016 - unaudited

	Note	31 December 2016 RM'000	31 December 2015 RM'000
Assets			
Property, plant and equipment		917,501	927,819
Prepaid lease payments		3,796	4,077
Oil palm plantation development expenditure		343,529	341,129
Reforestation expenditure		94,023	88,966
Deferred tax assets		8,383	8,165
Timber concessions		23,292	30,431
Goodwill		10,252	10,732
Other intangible assets		5,608	7,055
Total non-current assets		1,406,384	1,418,374
Inventories		170,535	156,100
Property development costs		1,441	1,441
Trade and other receivables	14	117,011	72,495
Current tax recoverable		1,150	314
Cash and cash equivalents	22	345,930	319,027
Other investments	23	16,921	4,500
Total current assets		652,988	553,877
Total assets		2,059,372	1,972,251
Financed by:			
Capital and reserves			
Share capital		444,844	370,736
Treasury shares		(904)	(904)
Foreign exchange translation reserve		23,724	18,152
Retained earnings	33	802,963	796,181
Total equity attributable to owners of the Company		1,270,627	1,184,165
Non-controlling interests		42,744	33,889
Total equity		1,313,371	1,218,054
Liabilities			
Deferred tax liabilities		91,745	85,553
Deferred income		40,987	42,305
Borrowings	27	277,738	327,361
Employee benefits		25,685	22,204
Total non-current liabilities		436,155	477,423
Trade and other payables		151,616	127,544
Deferred income		2,617	2,538
Borrowings	27	140,309	127,810
Employee benefits		2,444	2,012
Current tax payable		12,860	16,870
Total current liabilities		309,846	276,774
Total liabilities		746,001	754,197
Total equity and liabilities		2,059,372	1,972,251
Net assets per share (RM)		2.86	2.66

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.

Condensed consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2016 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 31 December 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2015 RM'000	Current Year Ended 31 December 2016 RM'000	Preceding Year Ended 31 December 2015 RM'000
Revenue	9	309,575	270,337	1,147,072	1,048,285
Cost of sales		(223,631)	(176,372)	(845,037)	(712,602)
Gross profit		85,944	93,965	302,035	335,683
Finance income		3,381	3,750	10,489	9,901
Other operating income		7,947	23,911	26,095	45,722
Unrealised gain in foreign exchange		1,818	1,681	1,900	5,484
Distribution costs		(20,647)	(17,961)	(67,058)	(59,544)
Administrative expenses		(27,470)	(28,914)	(62,242)	(64,017)
Other expenses		(2,875)	(6,601)	(15,085)	(16,540)
Profit from operations		48,098	69,831	196,134	256,689
Finance costs		(5,147)	(6,098)	(19,704)	(22,529)
Profit before tax	9	42,951	63,733	176,430	234,160
Tax expense	21	(14,557)	(544)	(45,326)	(42,665)
Profit for the period/ year		28,394	63,189	131,104	191,495
Other comprehensive income, net of tax					
Remeasurement of defined benefit liability		-	(562)	-	(562)
Foreign exchange translation differences for foreign operations		4,546	3,678	5,572	12,575
Other comprehensive income for the period/ year, net of tax		4,546	3,116	5,572	12,013
Total comprehensive income for the period/ year		32,940	66,305	136,676	203,508
Profit attributable to:					
Owners of the Company		28,031	60,290	121,649	188,244
Non-controlling interests		363	2,899	9,455	3,251
Profit for the period/ year		28,394	63,189	131,104	191,495
Total comprehensive income attributable to:					
Owners of the Company		32,577	63,406	127,221	200,257
Non-controlling interests		363	2,899	9,455	3,251
Total comprehensive income for the period/ year		32,940	66,305	136,676	203,508
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		-	16.27	-	50.80
Basic/ Diluted earnings per ordinary share (sen) after the bonus issues effected in June 2016	31	6.30	13.56	27.36	42.34

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 year ended 31 December 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	-	-	5,572	-	5,572	-	5,572
Total other comprehensive income for the year	-	-	5,572	-	5,572	-	5,572
Profit for the year	-	-	-	121,649	121,649	9,455	131,104
Total comprehensive income for the year	-	-	5,572	121,649	127,221	9,455	136,676
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(40,759)	(40,759)	-	(40,759)
- Dividends to non-controlling interests	-	-	-	-	-	(700)	(700)
- Issue of bonus shares	74,108	-	-	(74,108)	-	-	-
Total transactions with owners of the Company	74,108	-	-	(114,867)	(40,759)	(700)	(41,459)
Acquisition of non-controlling interests	-	-	-	-	-	100	100
At 31 December 2016	444,844	(904)	23,724	802,963	1,270,627	42,744	1,313,371
At 1 January 2015	370,736	(904)	5,577	682,777	1,058,186	31,867	1,090,053
Remeasurement of defined benefit liability	-	-	-	(562)	(562)	-	(562)
Foreign exchange translation differences	-	-	12,575	-	12,575	-	12,575
Total other comprehensive income for the year	-	-	12,575	(562)	12,013	-	12,013
Profit for the year	-	-	-	188,244	188,244	3,251	191,495
Total comprehensive income for the year	-	-	12,575	187,682	200,257	3,251	203,508
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(74,107)	(74,107)	-	(74,107)
- Dividends to non-controlling interests	-	-	-	-	-	(1,400)	(1,400)
Total transactions with owners of the Company	-	-	-	(74,107)	(74,107)	(1,400)	(75,507)
Acquisition of non-controlling interests	-	-	-	(171)	(171)	171	-
At 31 December 2015	370,736	(904)	18,152	796,181	1,184,165	33,889	1,218,054

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 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 year ended 31 December 2016 - unaudited

	1 January 2016 to 31 December 2016 RM'000	1 January 2015 to 31 December 2015 RM'000
Cash flows from operating activities		
Profit before tax	176,430	234,160
<i>Adjustments for:</i>		
Amortisation of plantation development expenditure	18,536	15,352
Amortisation of prepaid lease payments	281	314
Amortisation of goodwill	480	674
Amortisation of other intangible assets and timber concessions	8,633	8,674
Depreciation of property, plant and equipment	64,003	64,870
Deferred income recognised as income	(2,455)	(1,836)
Finance costs	19,704	22,529
Finance income	(10,489)	(9,901)
Gain on disposal of property, plant and equipment	(330)	(644)
Reversal of impairment loss on property, plant and equipment	-	(20,797)
Property, plant and equipment written off	1,075	399
Plantation development expenditure written off	-	2,394
Unrealised foreign exchange gain	(1,900)	(5,484)
Employee benefits	3,640	2,812
Operating profit before changes in working capital	<u>277,608</u>	<u>313,516</u>
Changes in working capital:		
Inventories	(13,084)	(27,876)
Employee benefits	-	649
Trade and other receivables, prepayments and other assets	(44,432)	(4,910)
Trade and other payables	25,313	6,736
Cash generated from operations	<u>245,405</u>	<u>288,115</u>
Interest paid	(2,619)	(4,029)
Income tax paid	(44,561)	(46,217)
Employee benefits paid	(159)	(160)
Net cash from operating activities	<u>198,066</u>	<u>237,709</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(32,624)	(53,131)
Proceeds from disposal of property, plant and equipment	1,592	3,660
Plantation development expenditure incurred	(24,294)	(27,379)
(Placement)/ Upliftment of fixed deposits with original maturities exceeding three months	(12,421)	16,450
Interest received	10,489	9,901
Net cash used in investing activities	<u>(57,258)</u>	<u>(50,499)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	(40,759)	(74,107)
Dividends to non-controlling interests	(700)	(1,400)
Repayment of borrowings	(39,770)	(59,306)
Repayment of finance lease liabilities	(16,402)	(12,543)
Government grant received	-	628
Upliftment/ (Placement) of pledged deposits	402	(474)
Finance lease interest paid	(1,205)	(1,363)
Term loan interest/ profit paid	(15,880)	(20,009)
Net cash used in financing activities	<u>(114,314)</u>	<u>(168,574)</u>
Net increase in cash and cash equivalents	26,494	18,636
Effect of exchange rate fluctuations on cash held	811	1,218
Cash and cash equivalents at 1 January	<u>317,716</u>	<u>297,862</u>
Cash and cash equivalents at 31 December (Note 22)	<u>345,021</u>	<u>317,716</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 31 December 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.

A second interim single-tier ordinary dividend of 5 sen per ordinary share for the financial year ended 31 December 2016, amounting to RM22,232,225 was paid on 23 December 2016 to depositors registered in the Record of Depositors at the close of business on 5 December 2016.

The total dividend declared to date for the financial year ended 31 December 2016 is 10 sen per ordinary share.

No dividend has been proposed by the Directors for the financial quarter under review (corresponding period in Year 2015: nil).

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	Year ended 31 December			
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Timber products	539,728	590,506	71,087	162,121
Oil palm	606,891	457,577	105,732	76,819
Reforestation	453	202	(85)	(4,096)
Property development	-	-	(304)	(684)
	<u>1,147,072</u>	<u>1,048,285</u>	<u>176,430</u>	<u>234,160</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

We announced on 24 October 2016 that the Company has entered into agreements to acquire of Agrogreen Ventures Sdn. Bhd (“Agrogreen”). With the completion of the due diligence, the report of which is being studied and fulfillment of other conditions precedent, the result of acquisition exercise is expected to be finalized in next two weeks.

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 2016 RM'000	As At 31 December 2015 RM'000
Current assets		
Trade receivables	65,653	45,028
Interest receivable	665	171
Other receivables	3,777	4,913
Deposits	26,565	3,833
Prepayments		
-Plant and machinery	8,569	2,466
-Land premium	3	5,978
-Others	11,168	9,728
Advance to a log supplier	90	90
Other advances	521	288
	<u>117,011</u>	<u>72,495</u>

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

15 Capital Commitments

	As At 31 December 2016 RM'000
Property, plant and equipment	
- Contracted but not provided for	240
- Authorised but not contracted for	49,036
- Authorised and contracted for	7,872
	57,148
Plantation development expenditure	
- Authorised but not contracted for	40,947
Leasehold land held for subsidiaries' use	
- Approved and contracted for	46,523
	144,618

16 Review of Performance

- (a) A higher revenue of RM 309.58 million was registered in current quarter under review compared to RM270.34 million of the corresponding quarter in 2015.

The higher revenue was mainly contributed by:

- (i) Higher crude palm oil ('CPO'), fresh fruit bunch ('FFB') and average selling price of export logs by 24%, 48% and 12% respectively; and
- (ii) Increase in sales volume of plywood by 16%.

Profit before tax and net profit for the quarter under review were RM42.95 million and RM28.39 million respectively compared to RM63.73 million and RM63.19 million respectively of the corresponding quarter in 2015. This was mainly due to the reversal of impairment loss provided previously and the recognition of unrecognized deferred tax assets for the financial year ended 31 December 2015.

- (b) For the year 2016, the revenue and net profit were RM1,147.07 million and RM131.10 million respectively compared to RM1,048.29 million and RM191.50 million respectively in 2015.

Higher FFB and CPO sales volume were increased by 5% and 10% respectively and the better FFB and CPO average selling prices by 30% and 19% respectively, contributed to the higher revenue achieved.

The drop in net profit was due to lower average selling price in plywood products which affected the profit margins. Extraordinary item of reversal of impairment loss, unrecognized deferred tax assets and higher foreign exchange gain which boosted the profit comparatively for the financial year ended 31 December 2015.

17 Variation of Results as compared to the Preceding Quarter

Revenue and net profit in the quarter under review were RM309.58 million and RM28.39 million respectively compared to RM349.88 million and RM57.62 million respectively of the preceding quarter.

Main factors contributing to the variation of performance were:

Lower sales volume for the export logs, FFB and CPO by 42%, 20% and 18% respectively accounted for the decrease in revenue and profit.

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

18 Current Year Prospects

For the current year, we anticipate timber demand to improve compared to 2016 due to favourable economic environment.

In 2017, our Group will intensively pursue timber certification which will affect total logs production. However, we will commence plantation logs harvesting and continue to import veneer from our own subsidiary in Tasmania to overcome the shortfall.

For the palm oil sector, FFB production is expected to increase, and with CPO average price anticipated to be higher than 2016, the contribution of the palm oil sector to the Group's revenue and profit is expected to be better.

Barring unforeseen circumstances, the directors are confident of a satisfactory performance for year 2017.

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the period/ year is arrived at after crediting/ (charging):				
Finance income	3,381	3,750	10,489	9,901
Finance costs	(5,147)	(6,098)	(19,704)	(22,529)
Depreciation and amortisation	(23,066)	(27,458)	(91,933)	(89,884)
Gain on disposal of property, plant and equipment	202	449	330	644
Property, plant and equipment written off	(372)	239	(1,075)	(399)
Write down of inventories to net realisable value	(3,088)	(4,363)	(3,088)	(4,363)
Reversal of impairment loss	-	20,797	-	20,797
Foreign exchange gain				
- realised	3,469	5,310	11,399	14,825
- unrealised	1,818	1,681	1,900	5,484

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/ year under review are as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
- Current year	14,669	10,396	39,542	50,400
- Prior years	173	123	173	(5)
	<u>14,842</u>	<u>10,519</u>	<u>39,715</u>	<u>50,395</u>
Deferred tax expense				
- Current year	(285)	(3,868)	5,611	(1,623)
- Prior years	-	(6,107)	-	(6,107)
	<u>(285)</u>	<u>(9,975)</u>	<u>5,611</u>	<u>(7,730)</u>
Total tax expense	<u>14,557</u>	<u>544</u>	<u>45,326</u>	<u>42,665</u>

Reconciliation of tax expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the period/ year	28,394	63,189	131,104	191,495
Total tax expense	14,557	544	45,326	42,665
Profit excluding tax	<u>42,951</u>	<u>63,733</u>	<u>176,430</u>	<u>234,160</u>

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

- Prima facie income tax expense	10,308	15,933	42,343	58,540
- Non-deductible expenses	(2,487)	5,162	6,284	9,832
- Non-taxable income	-	(5,200)	-	(5,200)
- Double deduction for certain expenses	-	(1,606)	-	(6,498)
- Tax exempt income	-	136	-	-
- Movements in unrecognised deferred tax assets	6,415	(1,430)	2,161	(1,430)
- Utilisation of previously unrecognised deferred tax assets	148	(6,153)	(5,635)	(6,153)
- Utilisation of tax losses not recognised in prior year	-	(314)	-	(314)
- Under/ (Over) provision in prior years	173	(5,984)	173	(6,112)
Tax expense for the period/ year	<u>14,557</u>	<u>544</u>	<u>45,326</u>	<u>42,665</u>

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 31 December 2016 RM'000	As at 31 December 2015 RM'000
Cash in hand	53	32
Cash at banks	212,282	142,368
Fixed deposits with original maturities not exceeding three months	132,686	175,316
	<u>345,021</u>	<u>317,716</u>
Fixed deposits pledged to banks	909	1,311
	<u>345,930</u>	<u>319,027</u>

Fixed deposits of subsidiaries amounting to RM909,309 (2015: RM1,311,168) are pledged to licensed banks for bank facilities granted thereto.

23 Other Investments

	As at 31 December 2016 RM'000	As at 31 December 2015 RM'000
Fixed deposits with original maturities exceeding three months	16,921	4,500
	<u>16,921</u>	<u>4,500</u>

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 31 December 2016 were as follows: -

	As at 31 December 2016 RM'000
<u>Current</u>	
<i>Denominated in Ringgit Malaysia</i>	
Unsecured - Bankers' acceptances/ Export Credit Refinancing	39,470
Revolving Credits	29,000
Term loans	
- Conventional	28,000
- Islamic	24,000
Secured - Finance lease liabilities	13,148
<i>Denominated in US Dollar</i>	
Unsecured - Foreign currency loans	6,691
	<u>140,309</u>

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

27 Group Borrowings and Debt Securities (continued)

		As at 31 December 2016 RM'000
<u>Non-current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Term loans	
	- Conventional	91,100
	- Islamic	158,000
Secured -	Term loans	16,923
	Finance lease liabilities	11,715
		<hr/>
		277,738
Total		<u>418,047</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 scheduled for 20 October 2016 was postponed. No hearing date has 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 Sibu 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 4 November 2016. The High Court has given directions to prepare written submissions and bundles of authorities.

During the clarification hearing on 3 February 2017, the Plaintiffs’ counsel had informed the Court in light of the decision of the Federal Court case of TR Sandah (which clearly recognise the temudak and cultivated lands although rejecting the claims on pulau galau and pemakai menoa as having no force of law) that he was considering whether to proceed with the case or to concede with survey of the cleared area based on the aerial photograph of the area in question. His clients brought this matter back to their village for discussion but they have not come to a decision yet.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

The Honourable Judge asked if the parties could come to an agreement or settlement perhaps to allow the Plaintiffs' claim for the temudak (cleared or cultivated lands), and agree for a survey to be done for the temudak and cleared or cultivated lands guided by the aerial photograph interpretation. This would mean that the Plaintiff will concede their claim for the pemakai menoa and pulau galau. All these will be done on without admission of liability basis.

The Plaintiffs can only confirm their decision in writing within two weeks time and forward their proposal to us, the Defendants in due course. However todate, no proposal has been received from the plaintiff.

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	
	2016	2015
	RM'000	RM'000
Transactions with an associate		
Sales of logs and timber products	(4,086)	(7,811)
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	50,769	51,350
Food ration expenses	541	3,596
Handling fees, transportation & freight charges	18,292	21,172
Hiring of equipment	4	3
Insurance premium	4,385	4,568
Purchase of fresh fruit bunches	1,414	113
Purchase of property, plant and equipment	285	323
Rental of premises paid	77	54
Purchase of spare parts, fertilizer & consumables	14,116	18,941
Purchase of logs and timber products	6,439	4,948
Security charges	84	84
Repair and maintenance	1	2
Advisory fee	48	-
Computer hardware & software development fees	732	1,615
Purchase of diesel and lubricants	14,870	18,507
Road toll received	(133)	(864)
Sales of logs and timber products	(11,922)	(11,678)
Sales of fresh fruit bunches	(62,312)	(40,448)
Sales of spare parts, fertilizer & consumables	(2)	(56)
Sales of property, plant and equipment	(70)	(48)
Contract income	(300)	-
Empty bunch subsidised	(3)	(10)
Log compensation received	-	(3)
Hiring income	(6)	(25)
Income from rental of premises	(136)	(139)
Handling fee received	(4,524)	(2,617)
Transport subsidised	(664)	(1,312)
	=====	=====

Company No : 419232-K

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

30 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	Year ended 31 December	
	2016 RM'000	2015 RM'000
Directors		
- Fees	1,330	1,263
- Remunerations	11,994	17,266
	<u>13,324</u>	<u>18,529</u>
Other key management personnel		
- Fees	290	-
- Remunerations	6,143	9,736
	<u>6,433</u>	<u>9,736</u>
Total	<u>19,757</u>	<u>28,265</u>

31 Earnings Per Share

	3 months ended 31 December 2016	Year ended 31 December 2016
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM28,031</u>	<u>RM121,649</u>
Weighted average number of ordinary shares in issue ('000)	444,645	444,645
Basic earnings per ordinary share (sen)	<u>6.30</u>	<u>27.36</u>
(b) Diluted	<u>6.30</u>	<u>27.36</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 2016.

33 Realised and Unrealised Profits Disclosure

The retained earnings is analysed as follows:

	As at 31 December 2016 RM'000	As at 31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	1,137,385	1,099,460
- Unrealised	(81,462)	(71,904)
	<u>1,055,923</u>	<u>1,027,556</u>
Less: Consolidation adjustments	(252,960)	(231,375)
Total Group retained earnings as per consolidated accounts	<u>802,963</u>	<u>796,181</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 28 February 2017.