

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

The Directors have pleasure in announcing the unaudited consolidated results for the third quarter ended 30 September 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	UNAUDITED			
		THIRD QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR 30.09.13 RM'000	PRECEDING YEAR 30.09.12 RM'000	CURRENT YEAR 30.09.13 RM'000	PRECEDING YEAR 30.09.12 RM'000
Revenue	18 (a)	130,146	82,342	315,404	276,740
Cost of sales		(72,129)	(47,238)	(189,125)	(162,723)
Depreciation and amortisation	18 (b)	(19,734)	(9,639)	(53,993)	(27,284)
Gross profit		38,283	25,465	72,286	86,733
Other income		1,146	1,221	3,158	4,264
Administrative expenses		(3,344)	(3,334)	(12,908)	(10,076)
Other expenses		(1,019)	(757)	(4,017)	(3,416)
Depreciation		(306)	(282)	(902)	(809)
Zakat expense		-	(159)	-	(921)
Profit from operations		34,760	22,154	57,617	75,775
Finance costs	18 (b)	(6,997)	(2,456)	(17,375)	(6,220)
Profit before tax		27,763	19,698	40,242	69,555
Tax expense	22	(8,633)	10,050	(4,396)	(839)
Profit after tax /Total comprehensive income for the quarter		19,130	29,748	35,846	68,716
Attributable to:					
Owners of the Company		15,418	19,209	25,731	52,161
Non-Controlling Interests		3,712	10,539	10,115	16,555
Profit/ Total comprehensive income for the quarter		19,130	29,748	35,846	68,716
Earnings per share (sen) :					
Basic earnings per share	30	1.75	3.70	2.93	10.05
Diluted earnings per share	30	1.72	3.55	2.87	9.65

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.09.13 RM'000 (unaudited)	As at 31.12.12 RM'000 (audited)
Assets			
Property, plant & equipment		2,005,948	1,673,475
Plantation development expenditure		766,716	558,442
Intangible assets	10	73,416	14,006
Other investment		599	599
Total non-current assets		2,846,679	2,246,522
Inventories		29,508	41,733
Trade and other receivables		105,822	107,256
Prepayments and other assets		3,675	6,242
Cash and cash equivalents		125,078	125,217
Total current assets		264,083	280,448
Total assets		3,110,762	2,526,970
Equity			
Capital reserve		776,128	770,144
Retained earnings		367,369	348,942
Total equity attributable to equity holders of the Company		1,143,497	1,119,086
Non-controlling interests		400,282	393,899
Total equity		1,543,779	1,512,985
Liabilities			
Deferred tax liabilities		319,900	278,366
Loans and borrowings	27	926,984	470,562
Trade and other payables		10,493	11,349
Total non-current liabilities		1,257,377	760,277
Current liabilities			
Trade and other payables		295,348	230,340
Loan and borrowings	27	10,000	20,000
Current tax liabilities		4,258	3,368
Total current liabilities		309,606	253,708
Total liabilities		1,566,983	1,013,985
Total equity and liabilities		3,110,762	2,526,970
Net tangible assets per share (RM)		1.30	1.54

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

	Attributable to equity holders of the Company					Total RM'000			
	Non-distributable		Distributable						
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Share Option reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling Interests RM'000	Total RM'000
At 1 January 2012	254,548	39,925	26,245	5,149	325,867	298,149	624,016	194,631	818,647
Profit/ Total comprehensive income for the year	-	-	-	-	-	156,554	156,554	10,982	167,536
Issuance of ordinary shares pursuant to ESOS	5,013	13,258	-	(1,988)	16,283	-	16,283	-	16,283
Issuance of new ordinary shares issued on acquisition of subsidiaries	104,617	431,023	-	-	535,640	-	535,640	-	535,640
Acquisition of subsidiaries	-	-	-	-	-	-	-	192,677	192,677
Adjustments on premium of shares issued on acquisition of subsidiaries	-	-	(108,802)	-	(108,802)	-	(108,802)	-	(108,802)
Share option granted under ESOS	-	-	-	1,156	1,156	-	1,156	-	1,156
Dividends to shareholders of the Company	-	-	-	-	-	(105,761)	(105,761)	-	(105,761)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,391)	(4,391)
At 31 December 2012 (audited)	364,178	484,206	(82,557)	4,317	770,144	348,942	1,119,086	393,899	1,512,985
At 1 January 2013	364,178	484,206	(82,557)	4,317	770,144	348,942	1,119,086	393,899	1,512,985
Total comprehensive income for the period	-	-	-	-	-	25,731	25,731	10,115	35,846
Adjustment on fair value of ESOS after bonus issue	-	-	-	(461)	(461)	-	(461)	-	(461)
Issuance of ordinary shares pursuant to ESOS	2,223	5,005	-	(783)	6,445	-	6,445	-	6,445
Issuance of ordinary shares-Bonus issue	73,088	(73,088)	-	-	-	-	-	-	-
Dividends to shareholders of the Company	-	-	-	-	-	(7,304)	(7,304)	-	(7,304)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(3,732)	(3,732)
At 30 September 2013 (unaudited)	439,489	416,123	(82,557)	3,073	776,128	367,369	1,143,497	400,282	1,543,779

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

	FOR THE THIRD QUARTER ENDED	
	30.09.13 RM'000 (unaudited)	30.09.12 RM'000 (unaudited)
Cash flows from operating activities		
Profit before tax	40,242	69,555
Adjustment for non-cash flow items	69,376	34,747
Operating profit before changes in working capital	<u>109,618</u>	<u>104,302</u>
Changes in working capital		
Net changes in working capital	46,143	(43,539)
Cash generated from operations	<u>155,761</u>	<u>60,763</u>
Borrowing cost paid	(25,653)	(7,087)
Profit margin income from short term Islamic deposits and inter-company receivables	1,736	2,035
Tax paid	(28,405)	(39,507)
Tax refund	2,093	-
Net cash generated from operating activities	<u>105,532</u>	<u>16,204</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(97,780)	(29,201)
Net cash acquired arising from acquisition of subsidiaries**	(264,137)	(72,500)
Increase in deposits pledged	(1,225)	(600)
Plantation development expenditure	(113,892)	(52,896)
Net cash used in investing activities	<u>(477,034)</u>	<u>(155,197)</u>
Cash flows from financing activities		
Repayment of loans and borrowings	(61,767)	-
Dividends paid to shareholders of the Company	(31,800)	(85,219)
Proceeds from issuance of Murabahah Medium Term Notes	-	50,000
Proceeds from issuance of SUKUK Murabahah	430,000	-
Proceeds from loan drawdown	26,479	-
Proceeds from Commodity Murabahah Term Financing	-	65,150
Proceeds from issuance of new shares pursuant to ESOS	7,227	15,850
Net cash generated from financing activities	<u>370,139</u>	<u>45,781</u>
Net decrease in cash and cash equivalents	(1,363)	(93,212)
Cash and cash equivalents at beginning of the year	123,764	166,488
Cash and cash equivalents at end of the quarter	<u>122,401</u>	<u>73,276</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	109,861	46,792
Cash and bank balances	15,217	27,790
	<u>125,078</u>	<u>74,582</u>
Less :		
Deposits pledged	(2,677)	(1,306)
	<u>122,401</u>	<u>73,276</u>
**Note:		RM'000
Net cash acquired arising from acquisition of subsidiary-Bumi Suria Ventures Sdn Bhd ("BSV") Note 14 (a)		221,689
Net cash acquired arising from acquisition of subsidiary-Maju Warisanmas Sdn Bhd ("MWM") Note 14 (b)		42,448
		<u>264,137</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

NOTES PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**1 Basis Of Preparation**

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements have been prepared in accordance with the requirements of FRS 134: *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

2 Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2012.

3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, certain judgements made by management in applying the Group's accounting policies and the key sources of estimation, were the same as those applied to the financial statements as at and for the year ended 31 December 2012.

4 Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the Group's statutory consolidated financial statements for the year ended 31 December 2012 in their report dated 27 February 2013.

5 Seasonal Or Cyclical Factors

The Group's plantation operations are affected by seasonal crop production and weather conditions.

6 Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity and net income.

7 Changes In Estimated Amounts Reported In Prior Period Which Have Effect On The Current Period

There were no estimated amounts reported in prior period.

8 Changes In Debt And Equity Securities

The company issued:

(i) RM430 million SUKUK Murabahah ("SUKUK") with maturity periods ranging from 6 to 10 years from the date of issuance at effective profit margin rates ranging from 5.39% to 6.11%.

(ii) 4,446,000 new ordinary shares of RM0.50 each being shares exercised by eligible employees pursuant to THP Employee Share Option Scheme ("ESOS") as follows:

Exercise price per share (RM)	1.52	1.74	2.09
Exercise price per share after adjustment of bonus issue (RM)	1.27	1.45	1.74
No. of shares issued ('000)	3,770	621	55

(iii) 146,176,995 new ordinary shares of RM0.50 on the basis of one bonus share for every five existing THP shares held in THP.

Apart from the above, there were no other issuances, cancellations, repurchases, resale of debt and equity securities in the period.

9 Dividends

There were no dividends paid or proposed during the third quarter ended 30 September 2013.

10 Intangible assets

	As at	As at
	30.09.2013	31.12.2012
	RM'000	RM'000
Cost		
Balance at the beginning of period/year	14,006	-
Acquisition through business combinations (see note 14 (a) and (b))	<u>59,410</u>	<u>14,006</u>
Balance at the end of period/year	<u>73,416</u>	<u>14,006</u>
Carrying amounts		
Balance at the beginning of period/year	<u>14,006</u>	<u>-</u>
Balance at the end of period/year	<u>73,416</u>	<u>14,006</u>

The recoverable amount of the cash-generating unit was based on value in use.

Value in use of the company was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 30 September 2013 was based on the following key assumptions:

- o Cash flows were projected based on past experiences, actual operating results and the 25 year business plan. Management believes that this 25-year forecast period was justified due to the long-term nature of the oil palm plantation.
- o A pre-tax discount rate of 10% was applied in determining the recoverable amount of the units. The discount rate was estimated based on an industry average weighted cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the oil palm plantation industry and are based on both external sources and internal historical data.

11 Operating segments

The Group has two reportable segments, which are the Group's strategic business units. For each of the strategic business units, the Chief Executive Officer reviews internal management reports on quarterly basis.

	Plantation	Management	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
RESULTS FOR 3 MONTHS				
ENDED 30 SEPTEMBER 2013				
External operating revenue	125,994	4,153	-	130,147
Inter-segment revenue	69,003	5,216	(74,220)	(1)
Total operating revenue	<u>194,997</u>	<u>9,369</u>	<u>(74,220)</u>	<u>130,146</u>
Other income	23,406	-	(22,260)	1,146
	<u>218,403</u>	<u>9,369</u>	<u>(96,480)</u>	<u>131,292</u>
Operating expenses	<u>(97,879)</u>	<u>(6,726)</u>	<u>12,742</u>	<u>(91,863)</u>
Segment results	120,524	2,643	(83,738)	39,429
Other expenses	(7,024)	(1,163)	3,518	(4,669)
Finance costs	<u>(19,238)</u>	<u>-</u>	<u>12,241</u>	<u>(6,997)</u>
Profit before tax	<u>94,262</u>	<u>1,480</u>	<u>(67,979)</u>	<u>27,763</u>

**RESULTS FOR 3 MONTHS
ENDED 30 SEPTEMBER 2012**

External operating revenue	74,786	7,556	-	82,342
Inter-segment revenue	5,431	2,608	(8,039)	-
Total operating revenue	80,217	10,164	(8,039)	82,342
Other income	21,978	-	(20,757)	1,221
	102,195	10,164	(28,796)	83,563
Operating expenses	(53,581)	(5,272)	1,976	(56,877)
Segment results	48,614	4,892	(26,820)	26,686
Other expenses	(6,657)	(1,129)	3,254	(4,532)
Finance costs	(7,806)	-	5,350	(2,456)
Profit before tax	34,151	3,763	(18,216)	19,698

**RESULTS UP TO THIRD QUARTER
ENDED 30 SEPTEMBER 2013**

	Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
External operating revenue	306,559	11,469	(2,623)	315,405
Inter-segment revenue	96,833	13,902	(110,736)	(1)
Total operating revenue	403,392	25,371	(113,359)	315,404
Other income	62,917	7	(59,766)	3,158
	466,309	25,378	(173,125)	318,562
Operating expenses	(252,628)	(18,561)	28,071	(243,118)
Segment results	213,681	6,817	(145,054)	75,444
Other expenses	(24,720)	(3,816)	10,709	(17,827)
Finance costs	(51,565)	-	34,190	(17,375)
Profit before tax	137,396	3,001	(100,155)	40,242

**RESULTS UP TO THIRD QUARTER
ENDED 30 SEPTEMBER 2012**

External operating revenue	258,233	18,507	-	276,740
Inter-segment revenue	12,220	8,838	(21,058)	-
Total operating revenue	270,453	27,345	(21,058)	276,740
Other income	42,436	1	(38,173)	4,264
	312,889	27,346	(59,231)	281,004
Operating expenses	(176,819)	(17,759)	4,571	(190,007)
Segment results	136,070	9,587	(54,660)	90,997
Other expenses	(18,734)	(3,956)	7,468	(15,222)
Finance costs	(21,792)	-	15,572	(6,220)
Profit before tax	95,544	5,631	(31,620)	69,555

**ASSETS AND LIABILITIES
AS AT 30 SEPTEMBER 2013**

	Plantation RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
Assets that belong to the Group	4,474,641	15,887	(1,379,766)	3,110,762
Total assets	4,474,641	15,887	(1,379,766)	3,110,762
Liabilities that belong to the Group	2,260,954	11,267	(705,238)	1,566,983
Total liabilities	2,260,954	11,267	(705,238)	1,566,983

**ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2012**

Assets that belong to the Group	3,623,363	13,986	(1,110,379)	2,526,970
Total assets	3,623,363	13,986	(1,110,379)	2,526,970
Liabilities that belong to the Group	1,484,419	6,790	(477,224)	1,013,985
Total liabilities	1,484,419	6,790	(477,224)	1,013,985

12 Valuation Of Property, Plant And Equipment

There was no valuation of the property, plant and equipment in the current quarter under review except as disclosed in the Note 14.

13 Material Event Subsequent To The Balance Sheet Date

There were no material events which occurred subsequent to the balance sheet date until the date of this announcement.

14. Changes In The Composition Of The Group

- (a) On 27 February 2013 the Company completed its acquisition of 100% equity interest in BSV for an indicative cash consideration of RM212,504,000. BSV is principally involved in oil palm cultivations.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	As at 27.2.2013 RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	190,484
Plantation development expenditure	166,122
Inventories	838
Trade and other receivables	1,206
Cash and bank balances	10
Trade and other payables	(55,701)
Loan and borrowings	(51,765)
Deferred tax liability	(57,284)
Total identifiable net assets	<u>193,910</u>
	As at 27.2.2013 RM'000
Net cash arising from acquisition of subsidiary	
Final adjusted purchase consideration settled in cash and cash equivalents ^{^^}	221,699
Cash and bank balances acquired	(10)
Net cash outflow	<u>221,689</u>
	As at 27.2.2013 RM'000
Intangible assets	
Intangible assets was recognised as a result of the acquisition as follows:	
Total consideration transferred	221,699
Fair value of identifiable net assets	(193,910)
Intangible assets	<u>* 27,789</u>

* Note:

Upon completion of the acquisition, certain matured areas have been reclassified as immature to be consistent with Group's policy. Therefore, intangible asset has been adjusted accordingly to reflect this.

Acquisition related costs

The Group incurred acquisition related costs of RM1,847,000 relating to legal fees and due diligence costs. The legal fees and due diligence costs have been included in other expenses in the statement of comprehensive income.

- (b) On 27 February 2013 the Company had completed its acquisition of 100% equity interest in MWM for an indicative cash consideration of RM42,081,000. MWM is principally engaged in the letting of investment property.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	As at 27.2.2013 RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	13,775
Trade and other receivables	430
Cash and bank balances	46
Trade and other payables	(66)
Deferred tax liability	(3,312)
Total identifiable net assets	<u>10,873</u>
	As at 27.2.2013 RM'000
Net cash arising from acquisition of subsidiary	
Final adjusted purchase consideration settled in cash and cash equivalents ^{^^}	42,494
Cash and bank balances acquired	(46)
Net cash outflow	<u>42,448</u>
	As at 27.2.2013 RM'000
Intangible assets	
Intangible assets was recognised as a result of the acquisition as follows:	
Total consideration transferred	42,494
Fair value of identifiable net assets	(10,873)
Intangible assets	<u>31,621</u>

Note:

- ^{^^} Final adjusted purchase consideration was based on adjusted net assets as at 31 January 2013 plus additional plantation development expenditures incurred between 1 June 2012 to 31 January 2013 for non-matured plantations.

Acquisition related costs

The Group incurred acquisition related costs of RM135,000 relating to legal fees and due diligence costs. The legal fees and due diligence costs have been included in other expenses in the statement of comprehensive income.

15 Contingent Liabilities

The Directors are of the opinion that the Group has no contingent liabilities which may have a material impact on the financial position and business of the Group as at 18 November 2013.

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

	As at 30.09.2013
	RM'000
Approved and contracted for	8,643
Approved but not contracted for	325,374
	<u>334,017</u>

17 Material Related Party Transactions

**For the third
quarter ended
30.09.2013**

Transactions with THP

Transacting Parties	Relationship	Nature of transactions	RM'000
Lembaga Tabung Haji	Holding Corporation	Lease of land	1,815
Lembaga Tabung Haji	Holding Corporation	Rental of office	1,449

Transactions with THP Agro Management Sdn Bhd (wholly owned subsidiary of THP)

Transacting Parties	Relationship	Nature of transactions	RM'000
PT. TH Indo Plantations	Related Company	Provision of management services	11,468

Transactions with THP Group

CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	8,528
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication service	483
Syarikat Takaful Malaysia	Related Company	Insurance premium	2,288
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	529

18 Review Of Performance

(a) Revenue

(i) Current quarter

For the current quarter ended 30 September 2013, the Group recorded revenue of RM130.15 million, compared to RM82.34 million for the same quarter last year. The higher revenue was due to higher sales volume of CPO and PK despite lower average commodity prices realised.

		Current quarter			
		2013	2012	Variance	%
Sales Volume					
Crude palm oil	(Metric tonnes)	48,568	18,213	30,355	166.67
Palm kernel	(Metric tonnes)	10,632	5,024	5,608	111.62
FFB	(Metric tonnes)	14,971	30,028	(15,057)	(50.14)

Average realised prices

Crude palm oil	(RM/tonne)
Palm kernel	(RM/tonne)
FFB	(RM/tonne)

		Current quarter			
		2013	2012	Variance	%
		2,209	2,827	(618)	(21.86)
		1,222	1,598	(376)	(23.53)
		380	506	(126)	(24.90)

(ii) Quarter to date

The Group recorded revenue of RM315.40 million up to the third quarter ended 30 September 2013 compared to RM276.74 million reported in the preceding year, an increase of RM38.66 million or 13.97% due to higher sales volume despite lower average commodity prices realised.

		Cumulative quarter			
		2013	2012	Variance	%
Sales Volume					
Crude palm oil	(Metric tonnes)	115,349	62,970	52,379	83.18
Palm kernel	(Metric tonnes)	27,069	17,761	9,308	52.41
FFB	(Metric tonnes)	70,318	64,884	5,434	8.37

Average realised prices

Crude palm oil	(RM/tonne)
Palm kernel	(RM/tonne)
FFB	(RM/tonne)

		Cumulative quarter			
		2013	2012	Variance	%
		2,143	3,025	(882)	(29.16)
		1,181	1,831	(650)	(35.50)
		353	542	(189)	(34.87)

(b) Profit before tax

(i) Current quarter

The Group's profit before taxation for the current quarter is higher by 40.94% compared to same quarter last year due to higher revenue of CPO and PK.

(ii) Quarter to date

Profit before tax up to the third quarter ended 30 September 2013 was RM40.24 million, a decrease of 42.14% as compared to profit before tax of RM69.56 million up to the same quarter last year mainly due:

- (i) Higher depreciation and amortisation by RM26.71 million of which RM17.77 million was due from the amortisation of fair value of the nets assets acquired.
- (ii) Higher administration cost was due to professional, processing fees and other incidental expenses incurred in relation to acquisitions of subsidiaries amounting to RM2.05 million and legal fees amounting to RM0.89 million
- (iii) Higher finance cost due to additional issuance of SUKUK Murabahah amounting to RM430 million of which RM336.11 million was related to acquisition of new subsidiaries.

Despite lower cost of processing per MT of FFB (by 8%), total mill processing cost in absolute terms charged to income statement is higher due to higher volume of FFB processed.

19 Material Changes In The Quarterly Results Compared To The Preceding Quarter

The comparison of the Group revenue and profit before taxation for the current and preceding quarter is as follows:

		2013	2013	Variance	%
		Quarter3	Quarter2		
Sales Volume					
Crude palm oil	<i>(Metric tonnes)</i>	48,568	33,841	14,727	43.52
Palm kernel	<i>(Metric tonnes)</i>	10,632	8,207	2,425	29.55
FFB	<i>(Metric tonnes)</i>	14,971	27,770	(12,799)	(46.09)

		2013	2013	Variance	%
		Quarter3	Quarter2		
Average realised prices					
Crude palm oil	<i>(RM/tonne)</i>	2,209	2,151	58	2.70
Palm kernel	<i>(RM/tonne)</i>	1,222	1,194	28	2.35
FFB	<i>(RM/tonne)</i>	380	345	35	10.14

	2013	2013	Variance	%
	Quarter3	Quarter2		
	RM'000	RM'000	RM'000	%
Revenue	130,146	95,805	34,341	35.8
Profit before tax	27,763	7,430	20,333	273.7

Revenue was higher by 35.8% mainly due to higher sales volume for CPO and FFB as compared to the preceding quarter. Profit before tax was higher as compared to the preceding quarter mainly due to higher revenue and higher gross profit margin by 10%.

20 Current Year Prospects**(a) Commentary on Prospects**

The Group expects the commodity prices to remain volatile for the remaining period, however we are optimistic to achieve our targeted yields and control the production cost.

(b) Projection of Targets Previously Announced

On 22 April 2013, the Group announced that its target was to achieve 6.5% return on equity ("ROE"), 20.50 mt/ha FFB yield per matured hectare and to distribute approximately 50% of Group's annual net profit after tax as dividend.

As at 30 September 2013, the Group had achieved 3.03% annualised ROE and assuming CPO price remains above RM2,500 mt for the remaining period, we will be enroute to achieve our targeted ROE of 6.5% for the year.

The Directors will endeavour to achieve its full year targeted yield per hectare despite the cyclical nature of plantations industry and unforeseen circumstances surrounding the remaining period of the year.

21 Variance Of Actual Profit From Forecast Profit

The Group did not issue any profit forecast for the current quarter.

22 Taxation

	Third Quarter		Cumulative Quarter	
	Current Year RM'000	Preceding Year RM'000	Current Year RM'000	Preceding Year RM'000
Current	11,284	(195)	23,459	17,308
Deferred	(2,651)	(9,855)	(19,063)	(16,469)
	<u>8,633</u>	<u>(10,050)</u>	<u>4,396</u>	<u>839</u>

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the quarter.

The effective tax rate of the Group up to the third quarter under review is lower than its statutory rate as a result of higher deferred tax recognised arising from unabsorbed capital allowances and unutilised tax losses.

23 Realised and Unrealised Profits

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
	Realised	466,593
Unrealised	33,925	28,230
	<u>500,518</u>	<u>510,630</u>
Less: Consolidation adjustments	(133,149)	(161,688)
Total Group retained earnings as per consolidated interim financial statements	<u>367,369</u>	<u>348,942</u>

The unrealised portion of retained earnings comprise mainly of deferred tax expense.

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

24 Unquoted Investments And/Or Properties

There were no purchases or disposals of unquoted investments for the current quarter under review other than as disclosed in Note 14.

25 Quoted Investments

There were no purchases of quoted investments for the current quarter under review.

26 Status Of Corporate Proposals

On 11 November 2011, the Company had entered into A Conditional Sale and Purchase of Shares Agreement with Indonesian shareholders namely Drs. H. Rajasa Abdurachman and Ir. Badai Sakti Daniel, to acquire 5,580,000 shares of Rp1,000 each held collectively by the sellers in the share capital of PT Persada Kencana Prima ("PKP"), representing 93% of the total issued and fully paid-up share capital of PKP, for a total purchase consideration ("PC") of Rp46,211,960,000. The RM equivalent of the total PC is RM16,822,701 based on the exchange rate as at 10 November 2011 of Rp2,747:RM1.00

The proposal has yet to be completed, pending the fulfillment of the last condition precedent. In the meantime, we have obtained the *Izin Usaha Perkebunan* and *Izin Pembersihan Lahan*.

Save as disclosed above, there are no other corporate proposals announced but not completed as at end of the current period under review.

27 Group Borrowings

As at 30 September 2013, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Loans and borrowings		
Non current		
Secured:		
Flexi Term Financing-i	55,198	28,722
Ijarah Term Financing-i Facility	41,786	41,840
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	200,000	200,000
SUKUK Murabahah Medium Term Notes	630,000	200,000
	<u>926,984</u>	<u>470,562</u>
Current		
Secured:		
Ijarah Term Financing-i Facility	10,000	10,000
Tawarruq Flexi Term Financing-i	-	10,000
	<u>936,984</u>	<u>490,562</u>

Maturity analysis

Tenure	Year of maturity	Profit margin %	Amount Non Current RM'000
1-2 years	2014	4.85-6.41	11,650
2-3 years	2015	4.85-6.41	17,050
3-4 years	2016	4.85-6.41	101,000
4-5 years	2017	4.85-6.41	90,784
5-6 years	2018	4.85-6.10	67,000
6-7 years	2019	4.85-5.39	79,500
7-8 years	2020	5.51	75,000
8-9 years	2021	5.62	75,000
9-10 years	2022	5.75	75,000
10-11 years	2023	5.88	75,000
11-12 years	2024	6.11	60,000
12-13 years	2025	-	-
13-14 years	2026	-	-
14-15 years	2027	6.6	200,000
			<u>926,984</u>

28 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

29 Material Litigation**(a) The Kuching High Court Suit No. 21-2-2010-II ('Ngawai Case'):**

On 28 October 2013, the counsel for the Plaintiffs had made an oral application to withdraw the Ngawai case with liberty to file afresh. Accordingly, the court had allowed the application and ordered that the Ngawai case be struck out with liberty for the Plaintiffs to file afresh

(b) Kuala Lumpur High Court Suit No. 22NCVC-1210-10-2012

Following from the decision of the Court of Appeal on 9 July 2013, the Plaintiffs had not filed any application for leave to appeal to the Federal Court against the decision of the Court of Appeal within the prescribed thirty (30) day limit. In the circumstances, the decision of the High Court in striking out the Plaintiff's Statement of Claim is affirmed and maintained, thereby putting an end of the Plaintiff's claims against TH Plantations Berhad.

(c) The Kuching High Court Suit No. 22-249-98-III(I) (The Court of Appeal Civil Appeal No. Q-01-136-03/2012 and Civil Appeal No. Q- 01-137-03/2012)**The Kuching High Court Civil Suit No. 22-43-2002-I (The Court of Appeal Civil Appeal No. Q-01-166-2011, Civil Appeal No. Q-01-164-2011 and Civil Appeal No. Q-02-756-2011**

In view of the common facts and legal principles involved, the Court of Appeal in Kuching, Sarawak had fixed the following cases to be jointly heard (consolidated hearing) at a special sitting of the Court of Appeal on 26 September and 27 September 2013:

- 1) Court of Appeal Civil Appeal No. Q-01-137-03/2012
Lembaga Pembangunan Dan Lindungan Tanah & Another (Appellants)
TR Nyutan Anak Jami & 2 Others (Respondents)
TH PELITA Sadong Sdn Bhd and TH PELITA Gedong Sdn Bhd (Interveners)
- 2) Civil Appeal No. Q-01-136-03/2012
State Government of Sarawak (Appellants)
TR Nyutan Anak Jami & 2 Others (Respondents)
TH PELITA Sadong Sdn Bhd and TH PELITA Gedong Sdn Bhd (Interveners)
- 3) Civil Appeal No. Q-01-166-2011
Lembaga Pembangunan Dan Lindungan Tanah (Appellant)
Luking Anak Uding & 3 Others (Respondents)
TH PELITA Sadong Sdn Bhd (Intervener)
- 4) Civil Appeal No. Q-01-164-2011
Government of the State of Sarawak (Appellant)
Luking Anak Uding & 3 Others (Respondents)
TH PELITA Sadong Sdn Bhd (Intervener)
- 5) Civil Appeal No. Q-02-756-2011
Nirwana Muhibbah Sdn Bhd vs Luking Anak Uding & 3 Others

On 27 September 2013, the Court of Appeal had dismissed all the five appeals with cost to the Respondents.

On 23 October 2013, TH PELITA Sadong Sdn Bhd and TH PELITA Gedong Sdn Bhd had filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal.

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

On 22 July 2013, the Kuching High Court had allowed the Defendants' Application to Strike Out the Plaintiffs' Writ of Summons and Statement of Claim.

On 12 September 2013, the Plaintiffs had filed a Notice of Appeal against the said decision.

30 Earnings Per Share

		UNAUDITED				
		Third Quarter Current Year	Third Quarter Preceding Year	Cumulative Current Year	Cumulative Preceding Year	
(i)	<i>Basic earnings per share</i>					
	Profit attributable to shareholders	RM'000	<u>15,418</u>	<u>19,209</u>	<u>25,731</u>	<u>52,161</u>
	Weighted average number of ordinary shares in issue	'000	<u>878,978</u>	<u>518,846</u>	<u>878,978</u>	<u>518,846</u>
	Basic earnings per share	sen	<u>1.75</u>	<u>3.70</u>	<u>2.93</u>	<u>10.05</u>
(ii)	<i>Diluted earnings per share</i>					
	Profit attributable to shareholders	RM'000	<u>15,418</u>	<u>19,209</u>	<u>25,731</u>	<u>52,161</u>
	Weighted average number of ordinary shares in issue	'000	<u>878,978</u>	<u>518,846</u>	<u>878,978</u>	<u>518,846</u>
	Effect of dilution (ESOS outstanding)	'000	<u>18,765</u>	<u>21,820</u>	<u>18,765</u>	<u>21,820</u>
	Adjusted weighted average number of ordinary shares in issue	'000	<u>897,743</u>	<u>540,666</u>	<u>897,743</u>	<u>540,666</u>
	Diluted earnings per share	sen	<u>1.72</u>	<u>3.55</u>	<u>2.87</u>	<u>9.65</u>

31 Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 18 November 2013.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
18 November 2013