TH PLANTATIONS BERHAD

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

QUARTERLY REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors have pleasure in announcing the unaudited consolidated results for the year ended 31 December 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	UNAUDITED FOURTH QUARTER CURRENT YEAR 31.12.14 RM'000	UNAUDITED FOURTH QUARTER PRECEDING YEAR 31.12.13 RM'000	UNAUDITED CUMULATIVE CURRENT YEAR 31.12.14 RM'000	UNAUDITED CUMULATIVE PRECEDING YEAR 31.12.13 RM'000
Revenue	21 (a)	98,768	154,548	488,917	469,952
Cost of sales		(70,506)	(89,916)	(317,011)	(279,041)
Depreciation and amortisation		(21,419)	(20,728)	(82,194)	(74,721)
Gross profit		6,843	43,904	89,712	116,190
Other income	6	13,474	1,076	18,308	4,234
Administrative expenses		(5,277)	(4,722)	(17,644)	(17,630)
Other expenses		492	(2,127)	(2,558)	(6,144)
Depreciation		(1,846)	(312)	(2,611)	(1,214)
Zakat expense		155	(278)	(34)	(278)
Profit from operations		13,841	37,541	85,173	95,158
Finance costs		(7,575)	(6,740)	(26,962)	(24,115)
Profit before tax	21 (b)	6,266	30,801	58,211	71,043
Tax expense	25	1,975	9,854	1,369	5,458
Profit for the period		8,241	40,655	59,580	76,501
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(134)	-	(69)	-
Other comprehensive income, net of tax		(134)	-	(69)	-
Total comprehensive income for the period		8,107	40,655	59,511	76,501
Profit attributable to:					
Owners of the Company		10,441	37,376	48,319	63,107
Non-Controlling Interests		(2,200)	3,279	11,261	13,394
Profit for the period		8,241	40,655	59,580	76,501
Total comprehensive income attributable to:					
Owners of the Company		10,317	37,376	48,255	63,107
Non-Controlling Interests		(2,210)	3,279	11,256	13,394
Total comprehensive income for the period		8,107	40,655	59,511	76,501
Earnings per share (sen) :					
Basic earnings per share	35	1.18	4.24	5.47	7.17
Diluted earnings per share	35	1.17	4.10	5.42	6.92

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31.12.14 RM'000 (unaudited)	As at 31.12.13 RM'000 (audited)
Assets			
Property, plant & equipment	30	2,250,598	1,961,740
Plantation development expenditure		730,128	831,655
Intangible assets	10	73,265	73,265
Other investment	11	22,630	599
Total non-current assets		3,076,621	2,867,259
Inventories		40,073	39,238
Current tax assets		6,274	9,499
Trade and other receivables		83,452	77,335
Prepayments and other assets		3,718	3,451
Cash and cash equivalents	12	364,295	145,235
		497,812	274,758
Assets classified as held for sale	13	-	35,281
Total current assets		497,812	310,039
Total assets		3,574,433	3,177,298
Equity			
Capital reserve		782,406	778,081
Retained earnings		427,528	411,174
Total equity attributable to equity holders of the Company		1,209,934	1,189,255
Non-controlling interests		403,771	396,726
Total equity		1,613,705	1,585,981
Liabilities			
Loans and borrowings	31	1,089,082	997,513
Deferred income	32	22,139	-
Deferred tax liabilities		286,193	300,017
Trade and other payables		12,448	11,885
Total non-current liabilities		1,409,862	1,309,415
Current liabilities			
Loan and borrowings	31	10,000	10,000
Trade and other payables		538,067	264,963
Current tax liabilities		2,799	3,716
		550,866	278,679
Liabilities classified as held for sale	13	-	3,223
Total current liabilities		550,866	281,902
Total liabilities		1,960,728	1,591,317
Total equity and liabilities		3,574,433	3,177,298
Net tangible assets per share (RM)		1.37	1.35

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to equity holders of the Company								
	Non-distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Translation reserve RM'000	Share Option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total RM'000
At 1 January 2013	364,178	484,206	(82,557)	-	4,317	348,942	1,119,086	393,899	1,512,985
Profit/ Total comprehensive income for the year	-	-	-	-	-	63,107	63,107	13,394	76,501
Total comprehensive income for the year	-	-	-	-	-	63,107	63,107	13,394	76,501
Issuance of ordinary shares pursuant to ESOS	2,990	6,441	-	-	(1,002)	-	8,429	-	8,429
Issuance of ordinary shares-Bonus issue	73,088	(73,088)	-	-	-	-	-	-	-
Adjustment on premium of shares issued on bonus issue persuant to ESOS	-	-	-	-	(492)	-	(492)	-	(492)
Investment from non-controlling minority interests	-	-	-	-	-	-	-	1,241	1,241
Dividends to owners of the Company	-	-	-	-	-	(7,303)	(7,303)	-	(7,303)
Dividends to non-controlling interests	-	-	-	-	-	6,428	6,428	(11,808)	(5,380)
At 31 December 2013 (audited)	440,256	417,559	(82,557)	-	2,823	411,174	1,189,255	396,726	1,585,981
At 1 January 2014	440,256	417,559	(82,557)	-	2,823	411,174	1,189,255	396,726	1,585,981
Foreign currency translation differences for foreign operations	-	-	-	(64)	-	-	(64)	(5)	(69)
Profit for the year	-	-	-	-	-	48,319	48,319	11,261	59,580
Total comprehensive income for the quarter	-	-	-	(64)	-	48,319	48,255	11,256	59,511
Issuance of ordinary shares pursuant to ESOS	1,669	3,268	-	-	(493)	-	4,444	-	4,444
Adjustment on fair value of ESOS	-	-	-	-	(55)	-	(55)	-	(55)
Acquisition of subsidiary	-	-	-	-	-	-	-	1,211	1,211
Dividends to owners of the Company	-	-	-	-	-	(31,965)	(31,965)	-	(31,965)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(5,422)	(5,422)
At 31 December 2014 (unaudited)	441,925	420,827	(82,557)	(64)	2,275	427,528	1,209,934	403,771	1,613,705

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	FOR THE YEAR ENDED 31.12.14 RM'000 (unaudited)	31.12.13 RM'000 (audited)
Cash flows from operating activities			
Profit before tax		58,211	71,043
Adjustment for non-cash flow items		95,112	98,773
Operating profit before changes in working capital		153,323	169,816
Changes in working capital			
Net changes in working capital		341,162	49,236
Cash generated from operations		494,485	219,052
Finance cost		(39,667)	(38,154)
Profit margin income from short term Islamic deposits and inter-company receivables		1,758	2,190
Tax paid		(28,572)	(33,070)
Tax refund		3,736	8,694
Net cash generated from operating activities		431,740	158,712
Cash flows from investing activities			
Acquisition of property, plant and equipment		(63,044)	(110,873)
Acquisition of assets and liabilities, net of cash and cash equivalents acquired	17	(12,410)	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired		-	(264,137)
Decrease/ (Increase) in deposits pledged		1,986	(2,489)
Plantation development expenditure		(189,317)	(192,036)
Proceed from disposal of property, plant and equipment		649	213
Dividend received		183	91
Proceed from disposal of estates		11,000	-
Net cash used in investing activities		(250,953)	(569,231)
Cash flows from financing activities			
Repayment of loans and borrowings		(11,387)	(71,765)
Dividends paid to owners of the Company		(55,459)	(45,668)
Dividends paid to non-controlling interests		(1,644)	-
Proceeds from issuance of SUKUK Murabahah		90,000	510,000
Proceeds from loan drawdown		35,095	27,067
Proceeds from issuance of new shares		4,444	8,429
Net cash generated from financing activities		61,049	428,063
Net decrease in cash and cash equivalents		241,836	17,544
Cash and cash equivalents at beginning of the year		141,308	123,764
Cash and cash equivalents at end of the year		383,144	141,308
Cash and cash equivalents comprise:			
Deposits	12	354,946	135,133
Deposits placed with licensed bank	11	20,805	-
		375,751	135,133
Cash and bank balances	12	9,349	10,117
		385,100	145,250
Less :			
Deposits pledged		(1,956)	(3,942)
		383,144	141,308

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 except where certain item is required to be stated at fair value.

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 2013. 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 2013.

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 2013 except for Accounting for Government Grant.

3 Estimates

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

In preparing these condensed consolidated interim financial statements, certain judgements made by management in applying the Group's accounting policies and the key sources of estimation, were the same as those applied to the financial statements as at and for the year ended 31 December 2013.

There are no significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than as disclosed in note 17.

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 2013 in their report dated 25 February 2014.

5 Seasonal Or Cyclical Factors

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

6 Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity and net income except for disposal of subsidiary's estate during the year.

On 19 November 2014, the estate in TH Bakti Sdn Bhd which was located in Terengganu was disposed to a third party. The Company has dispose all the assets and the liabilities in the relation to the estates.

The effect of disposal on the financial position of the Group are as follow:

	RM'000
Sales proceed	45,000
Property, plant and equipment	(30,883)
Other assets and liabilities	(23)
Derecognition of goodwill associated with the cash generating unit	(151)
Net gain on disposal of estate	13,943

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) RM90 million SUKUK Murabahah ("SUKUK") with maturity periods ranging from 10 to 12 years from the date of issuance at effective profit margin rates ranging from 6.07 to 6.10%.

(ii) 3,218,300 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 isue (RM)	***1.27***	***1.45***	***1.74***
No. of shares issued ('000)	2,271	786	281

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

9 Dividends

The Directors have proposed a final ordinary dividend in respect of year 31 December 2014, of 2.00 sen under the single tier system amounting to RM17.68 million subject to shareholders' approval at the fortcoming Annual General Meeting of the Company.

10 Intangible assets

	As at 31.12.2014 RM'000	**As at 31.12.2013 RM'000**
Cost		
Balance at the beginning of year	73,265	14,006
Transfer from assets held for sale	151	
Acquisition through business combinations	-	59,410
Derecognition of goodwill	(151)	-
	73,265	73,416
Transfer to assets held for sale	-	(151)
Balance at the end of year	73,265	73,265
Carrying amounts		
Balance at the beginning of year	73,265	14,006
Balance at the end of year	73,265	73,265

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

Value in use of the company was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 31 December 2014 was based on the following key assumptions:

- Cash flows were projected based on past experiences, actual operating results and the 30 year business plan. Management believes that this 30-year forecast period was justified due to the long-term nature of the oil palm plantation.
- Price of FFB was determined based on long term pricing of CPO and PK price of RM2,300/mt and RM1,500/mt.
- Oil extraction rate ("OER") and kernel extraction rate ("KER") were determined based on past years' trend.
- Cost of production growth were determined based on past years' trend.
- A pre-tax discount rate of 10% was applied in determining the recoverable amount of the unit.

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

11 Other investments

	2014 RM'000	2013 RM'000
Unquoted shares		
Available-for-sale financial assets	1,920	1,920
Less: Impairment loss	(95)	(1,321)
	1,825	599
Deposits placed with licensed banks	20,805	-
At 31 Disember	22,630	599

12 Cash and cash equivalents

	Note	2014 RM'000	2013 RM'000
Deposits placed with licensed bank		354,946	135,133
Cash and bank balances		9,349	10,117
		364,295	145,250
Transfer to assets held for sale	13	-	(15)
		364,295	145,235

13 Group assets held for sale

On 30 May 2013, investment in subsidiary, TH Bakti Sdn. Bhd. is presented as an asset held for sale following the approval of Board of Directors to sell the whole investment in TH Bakti Sdn. Bhd..However, on 10 November 2014 the transaction was mutually rescinded. Asset classified as held for sale in the previous year is as below:

Assets classified as held for sale	Note	2013 RM'000
Property, plant & equipment	a	34,905
Intangible assets		151
Inventories		41
Trade and other receivables		161
Deposits and prepayments		8
Cash and cash equivalents		15
		35,281
Liabilities classified as held for sale		
Deferred tax liability		2,870
Payables and accruals		352
Current tax liability		1
		3,223

Note a

Property, plant and equipment held for sale comprise the following:

	RM'000
Cost	36,194
Accumulated depreciation	(1,289)
	34,905

On 19 November 2014, TH Bakti Sdn. Bhd. has entered into an agreement to dispose its plantation assets to a third party. The assets and liabilities of the subsidiary have been transferred to the respective financial statement captions after the disposal of estate.

14 Operating segments

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

	Plantation	Management Services	Elimination	Consolidated
RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2014	RM'000	RM'000	RM'000	RM'000
External operating revenue	98,768	-	-	98,768
Inter-segment revenue	45,814	4,266	(50,080)	-
Total operating revenue	144,582	4,266	(50,080)	98,768
Other income	50,265	-	(36,791)	13,474
	194,847	4,266	(86,871)	112,242
Operating expenses	(91,561)	(7,373)	7,009	(91,925)
Segment results	103,286	(3,107)	(79,862)	20,317
Other expenses	(7,408)	(2,320)	3,252	(6,476)
Finance costs	(31,449)	-	23,874	(7,575)
Profit before tax	64,429	(5,427)	(52,736)	6,266
RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2013				
External operating revenue	148,907	5,641	-	154,548
Inter-segment revenue	38,159	5,862	(44,021)	-
Total operating revenue	187,066	11,503	(44,021)	154,548
Other income	25,597	-	(24,521)	1,076
	212,663	11,503	(68,542)	155,624
Operating expenses	(114,093)	(7,897)	11,346	(110,644)
Segment results	98,570	3,606	(57,196)	44,980
Other expenses	(9,631)	(1,466)	3,658	(7,439)
Finance costs	(21,159)	-	14,419	(6,740)
Profit before tax	67,780	2,140	(39,119)	30,801

	Plantation	Management Services	Elimination	Consolidated
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014	RM'000	RM'000	RM'000	RM'000
External operating revenue	488,199	718	-	488,917
Inter-segment revenue	102,469	19,277	(121,746)	-
Total operating revenue	590,668	19,995	(121,746)	488,917
Other income	124,618	-	(106,310)	18,308
	715,286	19,995	(228,056)	507,225
Operating expenses	(405,120)	(26,573)	32,488	(399,205)
Segment results	310,166	(6,578)	(195,568)	108,020
Other expenses	(31,148)	(6,039)	14,340	(22,847)
Finance costs	(99,406)	-	72,444	(26,962)
Profit before tax	179,612	(12,617)	(108,784)	58,211
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013				
External operating revenue	455,465	17,110	(2,623)	469,952
Inter-segment revenue	134,993	19,764	(154,757)	-
Total operating revenue	590,458	36,874	(157,380)	469,952
Other income	88,514	7	(84,287)	4,234
	678,972	36,881	(241,667)	474,186
Operating expenses	(366,721)	(26,458)	39,417	(353,762)
Segment results	312,251	10,423	(202,250)	120,424
Other expenses	(34,351)	(5,282)	14,367	(25,266)
Finance costs	(72,724)	-	48,609	(24,115)
Profit before tax	205,176	5,141	(139,274)	71,043

ASSETS AND LIABILITIES AS AT 31 DECEMBER 2014	RM'000	RM'000	RM'000	RM'000
Assets that belong to the Group	5,326,713	13,502	(1,765,782)	3,574,433
Total assets	5,326,713	13,502	(1,765,782)	3,574,433
Liabilities that belong to the Group	2,881,952	16,380	(937,604)	1,960,728
Total liabilities	2,881,952	16,380	(937,604)	1,960,728
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2013				
Assets that belong to the Group	4,598,422	16,187	(1,437,311)	3,177,298
Total assets	4,598,422	16,187	(1,437,311)	3,177,298
Liabilities that belong to the Group	2,291,786	9,535	(710,004)	1,591,317
Total liabilities	2,291,786	9,535	(710,004)	1,591,317

15 Valuation Of Property, Plant And Equipment

There was no valuation of the property, plant and equipment in the current quarter under review except as disclosed in the Note 17.

16 Material Event Subsequent To The Balance Sheet Date

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

17 Changes In The Composition Of The Group

(a) On 10 January 2014, the Group has acquired assets and liabilities of PKP which has been satisfied via acquiring 93% shares in PKP for a total cash consideration of RM13,516,000. PKP 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:

Identifiable assets acquired and liabilities assumed	**As at 10.1.2014 RM'000**
Property, plant and equipment	20,819
Trade and other receivables	217
Cash and bank balances	3
Trade and other payables	(733)
Deferred tax liability	(5,579)
Total identifiable net assets	14,727

Net cash arising from acquisition of subsidiary	**As at 10.1.2014 RM'000**
Final adjusted purchase consideration settled in cash and cash equivalents	13,516
Deferred consideration	(1,103)
Cash and bank balances acquired	(3)
Net cash outflow	12,410

Allocation of fair value to assets and liabilities	**As at 10.1.2014 RM'000**
The allocation of fair value to assets and liabilitiess as a result of the acquisition as follows:	
Total consideration	13,516
Non-controlling interests, based on their proportionate interest in the recognised amounts	1,211
Fair value of identifiable net assets	(14,727)

The fair value of land has been determined based on provisional Hak Guna Usaha ("HGU"). Surat Kepastian Hak Guna Usaha ("SK-HGU") is subject to regulatory approval.

18 Contingent Liabilities

The Directors are of the opinion that the Group has no contingent liabilities which may have a material impact on the financial position and business of the Group as at 27 February 2015.

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

	As at 31.12.2014
	RM'000
Approved and contracted for	94,399
Approved but not contracted for	218,083
	312,482

20 Material Related Party Transactions

			For the year ended 31.12.2014
Transactions with THP			
Transacting Parties	**Relationship**	**Nature of transactions**	**RM'000**
Lembaga Tabung Haji	Holding Corporation	Lease of land	**2,662**
Lembaga Tabung Haji	Holding Corporation	Rental of office	**1,932**
Transactions with THP Group			
CCM Fertilizers Sdn Bhd	Related Company	Purchase of fertilisers	**27,787**
Syarikat Takaful Malaysia	Related Company	Insurance premium	**2,928**
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication services	**925**
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	**734**

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

21 Review Of Performance

(a) Revenue

(i) Current quarter

For the current quarter ended 31 December 2014, the Group's revenue stood at RM98.77 million (4Q13: RM154.55 million), a 36% decrease in its revenue compared to the corresponding period last year. This is mainly attributed to the lower volume and average prices realised.

		Current quarter			
Sales Volume		**2014**	**2013**	**Variance**	**%**
Crude palm oil	*(Metric tonnes)*	40,544	53,097	(12,553)	(23.64)
Palm kernel	*(Metric tonnes)*	9,756	13,271	(3,515)	(26.49)
FFB	*(Metric tonnes)*	8,177	12,776	(4,599)	(36.00)

		Current quarter			
Average realised prices		**2014**	**2013**	**Variance**	**%**
Crude palm oil	*(RM/tonne)*	2,041	2,323	(282)	(12.14)
Palm kernel	*(RM/tonne)*	1,351	1,524	(173)	(11.35)
FFB	*(RM/tonne)*	345	409	(64)	(15.58)

(ii) Year todate

The Group recorded a 4% increase in its revenue to RM488.92 million for the year ended 31 December 2014 compared to the corresponding period last year (FY13: RM469.95), driven mainly by higher sales volume of CPO and FFB as well as higher average commodity prices realised mainly in the first half of the year.

		Year todate			
Sales Volume		**2014**	**2013**	**Variance**	**%**
Crude palm oil	*(Metric tonnes)*	169,353	168,446	907	0.54
Palm kernel	*(Metric tonnes)*	37,792	40,340	(2,548)	(6.32)
FFB	*(Metric tonnes)*	96,740	83,094	13,646	16.42

		Year todate			
Average realised prices		**2014**	**2013**	**Variance**	**%**
Crude palm oil	*(RM/tonne)*	2,277	2,200	77	3.50
Palm kernel	*(RM/tonne)*	1,651	1,294	357	27.59
FFB	*(RM/tonne)*	414	362	52	14.36

(b) Profit before tax

(i) current quarter

Profit before tax for the current quarter ended 31 December 2014 stood at RM6.27 million, 80% lower than the corresponding quarter last year, mainly due to lower sales volume and average prices realised thus leading to lower profit margins.

(ii) Year todate

Profit before tax for the year ended 31 December 2014 was lower by 18% compared to the corresponding period last year, mainly attributed to lower profit margins (decrease by 23%) driven by higher operating cost by 13% due to higher volume of young crop from its newly matured areas of 7,484 hectares.

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

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

		2014	2014		
Sales Volume		**Quarter 4**	**Quarter3**	**Variance**	**%**
Crude palm oil	*(Metric tonnes)*	40,544	51,806	(11,262)	(21.74)
Palm kernel	*(Metric tonnes)*	9,756	10,798	(1,042)	(9.65)
FFB	*(Metric tonnes)*	8,177	21,763	(13,586)	(62.43)

		2014	2014		
Average realised prices		**Quarter 4**	**Quarter3**	**Variance**	**%**
Crude palm oil	*(RM/tonne)*	2,041	2,106	(65)	(3.09)
Palm kernel	*(RM/tonne)*	1,351	1,424	(73)	(5.13)
FFB	*(RM/tonne)*	345	397	(52)	(13.03)

	2014	2014		
	Quarter 4	**Quarter3**	**Variance**	
	RM'000	**RM'000**	**RM'000**	**%**
Revenue	**98,768**	**133,314**	**(34,546)**	**(25.91)**
Profit before tax	**6,266**	**18,628**	**(12,362)**	**(66.36)**

Compared to the preceding quarter, revenue for the year ended 31 December 2014 was lower by 25.91%. This is mainly attributed to lower sales volume and lower average commodity prices realised. Profit before tax was lower by 66.36% mainly due to lower operating profit by 77%.

23 Current Year Prospects

(a) Commentary on Prospects

The Group's full year performance was significantly impacted by the tough operating conditions in 2014. The Group, and the palm oil industry in general, was adversely impacted by the drastic fluctuation of commodity prices, while the prolonged dry spell in early 2014 and wet weather towards the end of the year severely impacted production throughout the Group's estates.

For the year 2015, the Group expects the operating conditions to remain challenging for the palm oil sector, and CPO prices to remain lacklustre amid global economic uncertainties. Nevertheless, the Group has undertaken proactive measures in mitigating the impact of lower prices including relooking into it's marketing strategy, as well as optimising its cost structure. Given the sound long term fundamentals of the industry, the Group remains focused on pursuing its development strategies.

(b) Projection of Targets Previously Announced

On 22 April 2014, the Group announced its 2014 targets which were to achieve 6.0% return on equity ("ROE"), 22.40 mt/ha FFB yield per matured hectare and to distribute approximately 50% of Group's annual net profit after tax as dividend.

As at 31 December 2014, the Group achieved an annualised ROE of 4.02% while its FFB yield per matured hectare stood at 20.52 mt/ha (2014 target of 22.40 mt/ha). The Group deems the performance satisfactory given the unanticipated challenges that impacted the sector in 2014.

The directors have recommended a final dividend of 2.00 sen per share which is equivalent 37% of Group's annual net profit after tax and non-controlling interests.

For the year 2015, the Group is in the midst of finalising its key targets to be achieved and will announce these targets in due course.

24 Variance Of Actual Profit From Forecast Profit

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

25 Taxation

	Fourth Quarter		Year todate	
	Current Year RM'000	Preceding Year RM'000	Current Year RM'000	Preceding Year RM'000
Current	2,292	8,158	22,465	29,099
Over provision	13	(1,000)	(4,350)	1,518
Deferred	(4,280)	(17,012)	(19,484)	(36,075)
	(1,975)	(9,854)	(1,369)	(5,458)

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

The effective tax rate of the Group for the quarter under review is lower than its statutory rate as a result of higher deferred tax recognised.

26 Realised and Unrealised Profits

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Realised	735,986	580,452
Unrealised	(12,015)	7,957
	723,971	588,409
Less: Consolidation adjustments	(296,443)	(177,235)
Total Group retained earnings as per consolidated interim financial statements	427,528	411,174

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

27 Unquoted Investments And/Or Properties

There were no purchases or disposals of unquoted investments for the current quarter under review other than as disclosed in Note 17.

28 Quoted Investments

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

29 Status Of Corporate Proposals

There are no other corporate proposals announced for the current quarter under review.

30 Property, Plant and Equipment ("PPE")

As at 31 December 2014, 7,484 hectares of oil palm estates have reached maturity and reclassified as PPE.

31 Group Borrowings

As at 31 December 2014, the total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Loans and borrowings		
Non current		
Secured:		
Flexi Term Financing-i	54,258	55,789
Ijarah Term Financing-i Facility	21,631	31,724
Unsecured:		
Murabahah Medium Term Notes ("MMTNs")	200,000	200,000
SUKUK Murabahah Medium Term Notes	800,000	710,000
Term loan - Forest Plantation Development	13,193	-
	1,089,082	997,513
Current		
Secured:		
Ijarah Term Financing-i Facility	10,000	10,000
	1,099,082	1,007,513

Maturity analysis

Tenure	Year of maturity	Profit margin %	Amount Non Current RM'000
1-2 years	2015	4.85-6.41	21,700
2-3 years	2016	4.85-6.41	101,000
3-4 years	2017	4.85-6.41	87,631
4-5 years	2018	4.85-6.10	67,000
5-6 years	2019	4.85-5.39	78,558
6-7 years	2020	5.51	75,000
7-8 years	2021	5.62	75,000
8-9 years	2022	5.75	75,000
9-10 years	2023	5.88	75,000
10-11 years	2024	5.88-6.11	140,000
11-12 years	2025	5.98	20,000
12-13 years	2026	6.09-6.10	70,000
13-14 years	2027	6.6	200,000
14-15 years	2028	-	-
15-16 years	2029	3*	13,193
			1,099,082

* Soft loan granted by Forest Plantation Development

32 Deferred income

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Non-current		
Government grant	22,139	-

A subsidiary of the Company received a government grant in 2014 which was conditional upon managing, planting and silvicultural treatment of the Timber Species within the Plantable Area and further to undertake tapping (for rubber species), cutting, collecting, removing and/or selling the Planted Timber Trees.

Government grant is loan received from a government agency at interest rate which is below market. The loan is recognised and measured at fair value. The benefit of the lower interest and longer repayment period is recognised as a government grant. The term financing received during the year has been fair valued based on discounted cash flows using a rate based on the current market rate of borrowing at reporting date. The repayment of the loan is estimated to be made after 15 years.

33 Off Balance Sheet Financial Instruments

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

34 Material Litigation

(a) The Kuching High Court Suit No. 22-249-98-III(I) (The Court of Appeal Civil Appeal No. Q-01-136-03/2012 and Civil Appeal No. Q- 01-137-03/2012)

The 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 relation to the High Court Suit No. 22-249-98-III (I), the Federal Court had allowed TH PELITA Sadong Sdn Bhd and TH PELITA Gedong Sdn Bhd on 3 December 2014 Leave to Appeal on a point of law arising from the decision of the Court of Appeal in September 2013 and furthermore, the Federal Court also extended the Stay of Execution of the High Court judgment as affirmed by the Court of Appeal on 19 June 2014

In relation to the High Court Suit No. 22-43-2002-I, following an out of court settlement between the parties, the Federal Court granted a Consent Order on 3 December 2014. This case is now deemed settled.

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

On 23 December 2014, TH PELITA Sadong Sdn Bhd ("Sadong") and TH PELITA Gedong Sdn Bhd ("Gedong") had filed an application under Order 14A Rules of Court 2012 to have the matter determined on questions of law and also to strike out the Defendants' Defence in light of the extension of the Stay of Execution Order granted by the Federal Court to Sadong and Gedong.

The said Notice of Application had been fixed for hearing on 23 January 2015. The Defendants had filed their Affidavit of Opposition on 16 January 2015 to oppose the said Notice of Application. Meanwhile, Sadong and Gedong will be filing their Affidavits of Reply in due course.

The court has fixed 5 March 2015 for hearing of the submissions by the parties.

35 Earnings Per Share

			UNAUDITED			
			Fourth Quarter		Year todate	
			Current Year	Preceding Year	Current Year	Preceding Year
(i)	***Basic earnings per share***					
	Profit attributable to shareholders	RM'000	10,441	37,376	48,319	63,107
	Weighted average number of ordinary shares in issue	'000	883,850	880,512	883,850	880,512
	Basic earnings per share	sen	1.18	4.24	5.47	7.17
(ii)	***Diluted earnings per share***					
	Profit attributable to shareholders	RM'000	10,441	37,376	48,319	63,107
	Weighted average number of ordinary shares in issue	'000	883,850	880,512	883,850	880,512
	Effect of dilution (ESOS outstanding)	'000	7,708	31,827	7,708	31,827
	Adjusted weighted average number of ordinary shares in issue	'000	891,558	912,339	891,558	912,339
	Diluted earnings per share	sen	1.17	4.10	5.42	6.92

36 Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 27 February 2015.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
27 February 2015