

# TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

## QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

The Directors is pleased to announce the unaudited consolidated results for the second quarter ended 30 June 2016.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	UNAUDITED SECOND QUARTER		UNAUDITED CUMULATIVE	
		CURRENT YEAR 30.06.16 RM'000	PRECEDING YEAR 30.06.15 RM'000	CURRENT YEAR 30.06.16 RM'000	PRECEDING YEAR 30.06.15 RM'000
<b>Revenue</b>	24 (a)	132,406	110,180	221,924	192,484
Cost of sales		(96,874)	(80,621)	(169,071)	(146,037)
Depreciation and amortisation		(22,918)	(20,986)	(40,853)	(36,998)
<b>Gross profit</b>		<u>12,614</u>	<u>8,573</u>	<u>12,000</u>	<u>9,449</u>
Other income		4,225	13,918	5,296	25,895
Administrative expenses		(3,319)	(5,649)	(6,999)	(8,577)
Other expenses	7	(2,308)	(1,353)	(10,535)	(1,880)
Depreciation		(305)	(412)	(573)	(796)
Zakat expense		104	(62)	-	(191)
<b>Profit/ (loss) from operations</b>		<u>11,011</u>	<u>15,015</u>	<u>(811)</u>	<u>23,900</u>
Finance costs	8	(4,962)	(5,775)	(8,808)	(14,340)
<b>Profit/ (loss) before tax</b>	24 (b)	<u>6,049</u>	<u>9,240</u>	<u>(9,619)</u>	<u>9,560</u>
Tax expense	28	3,805	(2,717)	10,025	2,054
<b>Profit for the period</b>		<u>9,854</u>	<u>6,523</u>	<u>406</u>	<u>11,614</u>
<b>Other comprehensive income/ (expense), net of tax</b>					
<b>Item that are or may be reclassified subsequently to profit and loss, net of tax</b>					
Foreign currency translation differences for foreign operations		(276)	(1)	54	(36)
<b>Total comprehensive income for the period</b>		<u>9,578</u>	<u>6,522</u>	<u>460</u>	<u>11,578</u>
<b>Profit/ (Loss) attributable to:</b>					
Owners of the Company		7,581	5,145	433	11,724
Non-Controlling Interests		2,273	1,378	(27)	(110)
<b>Profit for the period</b>		<u>9,854</u>	<u>6,523</u>	<u>406</u>	<u>11,614</u>
<b>Total comprehensive income/ (expense) attributable to:</b>					
Owners of the Company		7,324	5,144	483	11,685
Non-Controlling Interests		2,254	1,378	(23)	(107)
<b>Total comprehensive income, net of tax</b>		<u>9,578</u>	<u>6,522</u>	<u>460</u>	<u>11,578</u>
<b>Earnings per share (sen) :</b>					
Basic earnings per share	37	<u>0.86</u>	<u>0.58</u>	<u>0.05</u>	<u>1.33</u>
Diluted earnings per share	37	<u>0.86</u>	<u>0.58</u>	<u>0.05</u>	<u>1.33</u>

The Condensed Consolidated Statement Of 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.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30.06.16 RM'000 (unaudited)	As at 31.12.15 RM'000 (audited)
<b>Assets</b>			
Property, plant & equipment	33	2,663,177	2,546,519
Plantation development expenditure	12	312,413	405,595
Forestry	13	150,072	145,905
Intangible assets	14	73,265	73,265
Other investment	15	1,825	1,825
Deferred tax assets		87,945	85,525
<b>Total non-current assets</b>		<b>3,288,697</b>	<b>3,258,634</b>
Inventories		30,906	25,661
Current tax assets		10,712	9,702
Other investment	15	18,102	4,127
Trade and other receivables		92,813	82,423
Prepayments and other assets		4,281	3,279
Cash and cash equivalents	16	75,676	75,590
<b>Total current assets</b>		<b>232,490</b>	<b>200,782</b>
<b>Total assets</b>		<b>3,521,187</b>	<b>3,459,416</b>
<b>Equity</b>			
Capital reserve		782,058	782,018
Retained earnings		487,849	487,416
<b>Total equity attributable to equity holders of the Company</b>		<b>1,269,907</b>	<b>1,269,434</b>
<b>Non-controlling interests</b>		<b>354,416</b>	<b>354,439</b>
<b>Total equity</b>		<b>1,624,323</b>	<b>1,623,873</b>
<b>Liabilities</b>			
Loans and borrowings	34	1,217,476	1,128,637
Deferred tax liabilities		337,304	348,012
Trade and other payables		13,346	13,037
<b>Total non-current liabilities</b>		<b>1,568,126</b>	<b>1,489,686</b>
<b>Current liabilities</b>			
Loan and borrowings	34	119,804	106,493
Trade and other payables		208,628	237,027
Current tax liabilities		306	2,337
<b>Total current liabilities</b>		<b>328,738</b>	<b>345,857</b>
<b>Total liabilities</b>		<b>1,896,864</b>	<b>1,835,543</b>
<b>Total equity and liabilities</b>		<b>3,521,187</b>	<b>3,459,416</b>
<b>Net tangible assets per share (RM)</b>		<b>1.44</b>	<b>1.44</b>

The 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 CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Attributable to equity holders of the Company				Distributable				Non-controlling		Total
	Non-distributable		Share Option reserve		Retained earnings		Interests		RM'000		
	Share capital	Share premium	Other reserves	Translation reserve	Share Option reserve	Retained earnings	Total	Interests	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2015</b>	441,925	420,827	(82,557)	(64)	2,275	427,528	1,209,934	403,771	1,613,705		
Foreign currency translation differences for foreign operations	-	-	-	(341)	-	-	(341)	(26)	(367)		
Fair value on forestry	-	-	-	-	-	(6,707)	(6,707)	1,426	(5,281)		
Deferred income	-	-	-	-	-	22,139	22,139	-	22,139		
Other comprehensive income for the year	-	-	-	(341)	-	15,432	15,091	1,400	16,491		
Profit for the year	-	-	-	-	-	62,133	62,133	(38,204)	23,929		
<b>Total comprehensive income for the year</b>	-	-	-	(341)	-	77,565	77,224	(36,804)	40,420		
Issuance of ordinary shares	-	-	-	-	-	-	-	1,000	1,000		
Adjustment on fair value of ESOS	-	-	-	-	(47)	-	(47)	-	(47)		
Dividends to owners of the Company	-	-	-	-	-	(17,677)	(17,677)	-	(17,677)		
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,493)	(4,493)		
Disposal of subsidiary	-	-	-	-	-	-	-	(9,035)	(9,035)		
<b>At 31 December 2015</b>	441,925	420,827	(82,557)	(405)	2,228	487,416	1,269,434	354,439	1,623,873		
<b>At 1 January 2016</b>	441,925	420,827	(82,557)	(405)	2,228	487,416	1,269,434	354,439	1,623,873		
Foreign currency translation differences for foreign operations	-	-	-	50	-	-	50	4	54		
Other comprehensive income for the year	-	-	-	50	-	-	50	4	54		
Profit/ (Loss) for the period	-	-	-	-	-	433	433	(27)	406		
<b>Total comprehensive income/ (expense) for the period</b>	-	-	-	50	(10)	433	483	(23)	460		
Adjustment on fair value of ESOS	-	-	-	-	(10)	-	(10)	-	(10)		
<b>At 30 June 2016 (unaudited)</b>	441,925	420,827	(82,557)	(355)	2,218	487,849	1,269,907	354,416	1,624,323		

The 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.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Note	FOR THE SECOND QUARTER ENDED	
		30.06.16 RM'000 (unaudited)	30.06.15 RM'000 (unaudited)
<b>Cash flows from operating activities</b>			
(Loss)/Profit before tax		(9,619)	9,560
Adjustment for non-cash flow items		56,268	27,425
Operating profit before changes in working capital		<u>46,649</u>	<u>36,985</u>
Changes in working capital			
Net changes in working capital		(40,562)	(288,814)
<b>Cash generated from/(used in) operations</b>		<u>6,087</u>	<u>(251,829)</u>
Finance cost		(36,252)	(38,999)
Profit margin income from short term Islamic deposits and inter-company receivables		984	3,647
Tax paid		(11,898)	(12,119)
Tax refund		1,577	12,778
<b>Net cash used in operating activities</b>		<u>(39,502)</u>	<u>(286,522)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(11,881)	(11,320)
Decrease in deposits pledged		34	277
Plantation development expenditure		(30,411)	(68,418)
Forestry plantation		(8,730)	-
Dividend received		237	-
(Increase)/Decrease in other investment		(13,975)	16,581
<b>Net cash used in investing activities</b>		<u>(64,726)</u>	<u>(62,880)</u>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		(80,959)	(2,050)
Dividends paid to owners of the Company		(82)	(17,479)
Proceeds from drawdown of loans and borrowings		185,389	157,444
<b>Net cash generated from financing activities</b>		<u>104,348</u>	<u>137,915</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		120	(211,487)
<b>Cash and cash equivalents at beginning of the year</b>		75,556	362,339
<b>Cash and cash equivalents at end of the period</b>		<u>75,676</u>	<u>150,852</u>
<b>Cash and cash equivalents comprise:</b>			
Deposits	16	37,782	127,246
Cash and bank balances	16	37,894	25,285
		<u>75,676</u>	<u>152,531</u>
Less :			
Deposits pledged		-	(1,679)
		<u>75,676</u>	<u>150,852</u>

The Condensed Consolidated 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.

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

The interim financial statements have been prepared under the historical cost basis unless otherwise stated.

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 2015. 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 2015.

**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 2015 unless otherwise stated.

**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 2015.

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 below :

**(i) Depreciation of estate**

The rate used to depreciate the estate is based on the general rule of the normal palm oil trees production trend.

**(ii) Recoverable amount of plantation development expenditure ("PDE")**

Management reviews its PDE for objective evidence of impairment at least quarterly. Significant delay in maturity is considered as an indication of impairment. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the performance of the PDE, or whether there have been significant changes with adverse effect in the market environment in which the PDE operates in.

**(iii) Intangible assets-goodwill**

Measurement of recoverable amounts of cash generating units is derived based on value in use of the cash generating unit.

**(iv) Deferred income**

Determination of the fair value of the loan were determined using the Group financing rate of 7.85% and the difference between the fair value and nominal value is treated as government grant.

**(v) Forestry**

The fair value of the assets is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

**(vi) Contingencies**

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

**(vii) Deferred tax**

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing our ability to utilise tax benefits through future earnings.

**(viii) Inventories**

Determination of the allocation cost of CPO and PK is based on the extraction rate of CPO and PK respectively.

**(x) Valuation of land**

Valuation of land in Indonesia under the Group's subsidiary company is determined by management based on estimated fair value and provisional Hak Guna Usaha ("HGU"). HGU is subject to changes by the Government of Indonesia.

**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 2015 in their report dated 29 February 2016.

**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 as disclosed in Note 7.

**7 Other Expenses**

Other expenses consist of the followings:

	Note	RM'000
a) Change in fair value of forestry	13	8,365
b) Foreign exchange loss		791
c) Other expenses		1,379
<b>Total</b>		<b><u>10,535</u></b>

**8 Finance cost**

	CUMULATIVE	
	Current Year RM'000	Preceding Year RM'000
Finance cost	<b><u>8,808</u></b>	<b><u>14,340</u></b>

The reduction in finance cost charged to income statement for the second quarter ended 2016 was due to SUKUK rationalisation exercise carried out in May 2015 where the total amount of the SUKUK principal outstanding was restructured and reissued by SPV company (wholly-owned subsidiary of the Company).

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

There were no changes in estimated amounts reported in prior period.

**10 Changes In Debt And Equity Securities**

During the period under review The Group:

i) Issued RM60 million SUKUK Murabahah ("SUKUK") with maturity periods of 6 to 10 years from the date of issuance at effective profit margin rates of 5.71% to 6.10%

ii) Drawdown of RM80 million Commodity Mudharabah Facility at effective profit margin rate of 5.75%

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

**11 Dividends**

There were no dividends paid or declared during the second quarter ended 30 June 2016.

**12 Plantation development expenditure**

	Note	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
<b>At 1 January</b>		405,595	749,784
Change in fair value recognised in other comprehensive income		-	(6,949)
Less: Transfer to forestry	13	-	(107,105)
		405,595	635,730
Additions during the year		56,030	128,594
Effect of movement in exchange rate		(989)	3,639
Less: Transfer to property, plant and equipment		(148,223)	(362,368)
		-	-
<b>At 30 June/ December</b>		<b>312,413</b>	<b>405,595</b>

**13 Forestry**

	Note	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
<b>Fair Value of Forestry as at 1 January</b>		145,905	-
Transfer from plantation development expenditure	12	-	107,105
Additions during the year		10,700	19,298
Additions in nurseries		1,832	5,041
Change in fair value recognised profit and loss		(8,365)	14,461
		150,072	145,905
<b>Fair Value of Forestry as at 30 June/ December</b>		<b>150,072</b>	<b>145,905</b>

**13.1 Fair value information**

Fair value of forestry categorised as follows:

	30.06.2016		31.12.2015	
	Level 3 RM'000	Total RM'000	Level 3 RM'000	Total RM'000
Forestry	150,072	150,072	145,905	145,905

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<i>Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the forestry, taking into account expected projected latex yield, expected timber volume, latex sales price, timber sales price, upkeep and maintenance cost and harvesting cost. The expected net cash flows are discounted using risk-adjusted discount rates.</i>	<ul style="list-style-type: none"> <li>• Expected projected latex yield (690kg/ha/yr -2000kg/ha/yr)</li> <li>• Expected timber volume (405m3/ha)</li> <li>• Latex price per kg (RM4 – RM 6)</li> <li>• Log price per m3 (RM144 – RM145)</li> <li>• Upkeep and Maintenance cost (RM1,731/ha)</li> <li>• Harvesting cost (RM2.35/kg)</li> <li>• Pre-tax discount rate (10%)</li> </ul>	<p><i>The estimated fair value would increase (decrease) if:</i></p> <ul style="list-style-type: none"> <li>• Expected projected latex yield were higher (lower);</li> <li>• Expected timber volume were higher higher (lower);</li> <li>• Latex sales price higher (lower);</li> <li>• Log price higher (lower);</li> <li>• Upkeep, maintenance and harvesting cost were higher (lower);</li> <li>or</li> <li>• Discount rates were higher (lower).</li> </ul>

**14 Intangible assets**

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>Cost</b>		
Balance at the beginning of year	73,265	73,265
Transfer from assets held for sale	-	-
Derecognition of goodwill	-	-
<b>Balance at the end of year</b>	<u>73,265</u>	<u>73,265</u>
<b>Carrying amounts</b>		
<b>Balance at the beginning of year</b>	<u>73,265</u>	<u>73,265</u>
<b>Balance at the end of year</b>	<u>73,265</u>	<u>73,265</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 June 2016 was based on the following key assumptions:

- o Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for a further 25-year period were extrapolated using a constant growth rate of 3% (2015: 3%), which does not exceed the long term average growth rate of the industry. Management believes that this 30-year forecast period is appropriate as it represents one full cycle of the oil palm tree.
- o Price of Fresh Fruit Bunches ("FFB") was determined based on long term pricing of Crude Palm Oil (averaging at RM2,477) and Palm Kernel price (averaging at RM1,660). Oil extraction rate ("OER") (16%) and kernel extraction rate ("KER") (4%) were determined based on past years' trend.
- o A pre-tax discount rate of 12% 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 industry and are based on external sources and internal sources (historical data).

**15 Other investments**

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>Non-current</b>		
Available-for-sale financial assets	1,920	1,920
Less: Impairment loss	(95)	(95)
	<u>1,825</u>	<u>1,825</u>
Deposits placed with licensed banks	-	-
	<u>1,825</u>	<u>1,825</u>
<b>Current</b>		
Deposits placed with licensed banks (maturity period more than 3 months)	<u>18,102</u>	<u>4,127</u>
<b>At 30 June/December</b>	<u>19,927</u>	<u>5,952</u>

**16 Cash and cash equivalents**

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
Deposits placed with licensed bank (maturity period less than 3 months)	37,782	61,458
Cash and bank balances	<u>37,894</u>	<u>14,132</u>
	<u>75,676</u>	<u>75,590</u>



## 17 Operating segments

The Group has three 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.

	Oil Palm Plantation RM'000	Forestry RM'000	Management Services RM'000	Elimination RM'000	Consolidated RM'000
<b>RESULTS FOR 3 MONTHS ENDED 30 JUNE 2016</b>					
External operating revenue	132,393	-	13	-	132,406
Inter-segment revenue	20,925	-	5,447	(26,372)	-
Total operating revenue	153,318	-	5,460	(26,372)	132,406
Other income	23,064	2,337	-	(21,176)	4,225
	176,382	2,337	5,460	(47,548)	136,631
Operating expenses	(125,035)	-	(7,750)	12,993	(119,792)
Segment results	51,347	2,337	(2,290)	(34,555)	16,839
Other expenses	(6,099)	(3,231)	(1,136)	4,638	(5,828)
Finance costs	(24,709)	-	-	19,747	(4,962)
<b>Profit before tax</b>	<b>20,539</b>	<b>(894)</b>	<b>(3,426)</b>	<b>(10,170)</b>	<b>6,049</b>
<b>RESULTS FOR 3 MONTHS ENDED 30 JUNE 2015</b>					
External operating revenue	110,171	-	9	-	110,180
Inter-segment revenue	16,027	-	4,509	(20,536)	-
Total operating revenue	126,198	-	4,518	(20,536)	110,180
Other income	25,410	12,472	-	(23,964)	13,918
	151,608	12,472	4,518	(44,500)	124,098
Operating expenses	(100,117)	-	(9,575)	8,085	(101,607)
Segment results	51,491	12,472	(5,057)	(36,415)	22,491
Other expenses	(8,887)	(55)	(1,561)	3,027	(7,476)
Finance costs	(25,695)	-	-	19,920	(5,775)
<b>Profit before tax</b>	<b>16,909</b>	<b>12,417</b>	<b>(6,618)</b>	<b>(13,468)</b>	<b>9,240</b>
<b>RESULTS UP TO SECOND QUARTER ENDED 30 JUNE 2016</b>					
External operating revenue	221,898	-	26	-	221,924
Inter-segment revenue	32,326	-	9,092	(41,418)	-
Total operating revenue	254,224	-	9,118	(41,418)	221,924
Other income	45,566	2,337	-	(42,607)	5,296
	299,790	2,337	9,118	(84,025)	227,220
Operating expenses	(213,607)	-	(15,692)	19,375	(209,924)
Segment results	86,183	2,337	(6,574)	(64,650)	17,296
Other expenses	(15,249)	(8,718)	(2,181)	8,041	(18,107)
Finance costs	(48,529)	-	-	39,721	(8,808)
<b>Profit before tax</b>	<b>22,405</b>	<b>(6,381)</b>	<b>(8,755)</b>	<b>(16,888)</b>	<b>(9,619)</b>
<b>RESULTS UP TO SECOND QUARTER ENDED 30 JUNE 2015</b>					
External operating revenue	192,475	-	9	-	192,484
Inter-segment revenue	27,628	-	8,088	(35,716)	-
Total operating revenue	220,103	-	8,097	(35,716)	192,484
Other income	50,586	21,497	-	(46,188)	25,895
	270,689	21,497	8,097	(81,904)	218,379
Operating expenses	(181,739)	-	(15,684)	14,388	(183,035)
Segment results	88,950	21,497	(7,587)	(67,516)	35,344
Other expenses	(14,686)	(116)	(2,692)	6,050	(11,444)
Finance costs	(51,682)	-	-	37,342	(14,340)
<b>Profit before tax</b>	<b>22,582</b>	<b>21,381</b>	<b>(10,279)</b>	<b>(24,124)</b>	<b>9,560</b>
<b>ASSETS AND LIABILITIES AS AT 30 JUNE 2016</b>					
Assets that belong to the Group	5,489,142	189,531	20,757	(2,178,243)	3,521,187
<b>Total assets</b>	<b>5,489,142</b>	<b>189,531</b>	<b>20,757</b>	<b>(2,178,243)</b>	<b>3,521,187</b>
Liabilities that belong to the Group	3,019,838	140,727	45,196	(1,308,897)	1,896,864
<b>Total liabilities</b>	<b>3,019,838</b>	<b>140,727</b>	<b>45,196</b>	<b>(1,308,897)</b>	<b>1,896,864</b>
<b>ASSETS AND LIABILITIES AS AT 31 DECEMBER 2015</b>					
Assets that belong to the Group	5,409,964	179,359	16,241	(2,146,148)	3,459,416
<b>Total assets</b>	<b>5,409,964</b>	<b>179,359</b>	<b>16,241</b>	<b>(2,146,148)</b>	<b>3,459,416</b>
Liabilities that belong to the Group	2,938,431	126,594	31,906	(1,261,388)	1,835,543
<b>Total liabilities</b>	<b>2,938,431</b>	<b>126,594</b>	<b>31,906</b>	<b>(1,261,388)</b>	<b>1,835,543</b>

**18 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 Note 13.

**19 Material Event Subsequent To The Balance Sheet Date**

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

**20 Changes In The Composition Of The Group**

There were no changes in the composition of the Group for the current quarter under review.

**21 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 26 August 2016.

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

	<b>As at 30.06.2016</b>
	<b>RM'000</b>
Approved and contracted for	14,239
Approved but not contracted for	157,200
	<u>171,439</u>

**23 Material Related Party Transactions**

**For the second  
quarter ended  
30.06.2016**

**Transactions with THP**

<b>Transacting Parties</b>	<b>Relationship</b>	<b>Nature of transactions</b>	<b>RM'000</b>
Lembaga Tabung Haji	Holding Corporation	Lease of land	<b>1,330</b>
Lembaga Tabung Haji	Holding Corporation	Rental of office	<b>966</b>

**Transactions with THP Group**

Syarikat Takaful Malaysia	Related Company	Insurance premium	<b>3,138</b>
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	<b>343</b>
Deru Semangat Sdn Bhd	Related Company	Management fees	<b>26</b>
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication services	<b>128</b>

**24 Review Of Performance**

**(a) Revenue**

**(i) Current quarter**

For the current quarter ended 30 June 2016, the Group's revenue stood at RM132.41 million (2Q15: RM110.18 million), a 20% increase compared to the corresponding period last year. This increase is mainly attributed to higher volume for CPO and PK and higher average realised prices of CPO, PK and FFB.

		Second quarter			
		2016	2015	Variance	%
<b>Sales Volume</b>					
Crude palm oil	(Metric tonnes)	42,319	41,718	601	1.44
Palm kernel	(Metric tonnes)	9,171	8,790	381	4.33
FFB	(Metric tonnes)	18,215	24,723	(6,508)	(26.32)

		Second quarter			
		2016	2015	Variance	%
<b>Average realised prices</b>					
Crude palm oil	(RM/tonne)	2,429	2,092	337	16.11
Palm kernel	(RM/tonne)	2,220	1,540	680	44.16
FFB	(RM/tonne)	508	379	129	34.04

**(ii) Cumulative quarter**

For the second quarter ended 30 June 2016, the Group's revenue stood at RM221.92 million (2Q15: RM192.48 million), a 15% increase compared to the corresponding period last year. This increase is mainly attributed to higher volume and higher average realised prices of CPO, PK and FFB.

		Cumulative quarter			
		2016	2015	Variance	%
<b>Sales Volume</b>					
Crude palm oil	(Metric tonnes)	72,018	71,632	386	0.54
Palm kernel	(Metric tonnes)	15,977	15,911	66	0.41
FFB	(Metric tonnes)	39,587	37,337	2,250	6.03

		Cumulative quarter			
		2016	2015	Variance	%
<b>Average realised prices</b>					
Crude palm oil	(RM/tonne)	2,349	2,121	228	10.75
Palm kernel	(RM/tonne)	2,078	1,644	434	26.40
FFB	(RM/tonne)	488	385	103	26.75

**(b) Profit before tax**

**(i) Current quarter**

Profit before tax for the current quarter ended 30 June 2016 was lower by 35% compared to the corresponding quarter last year. For the quarter, the Group recorded higher other expenses arising from fair value of forestry.

**(ii) Cumulative quarter**

Despite improved revenue and gross profit margins, the Group swung into a Loss Before Tax of RM9.62 million for the first half of the year ended 30 June 2016 compared to a Profit Before Tax of RM9.6 million in the corresponding period last year. The loss is mainly attributed to significantly lower other income and higher other expenses arising from fair value of forestry (Note 13).

**25 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:

		2016	2016	Variance	%
		Quarter 2	Quarter 1		
<b>Sales Volume</b>					
Crude palm oil	(Metric tonnes)	42,319	29,698	12,621	42.50
Palm kernel	(Metric tonnes)	9,171	6,805	2,366	34.77
FFB	(Metric tonnes)	18,215	21,372	(3,157)	(14.77)

		2016	2016	Variance	%
		Quarter 2	Quarter 1		
<b>Average realised prices</b>					
Crude palm oil	(RM/tonne)	2,429	2,235	194	8.68
Palm kernel	(RM/tonne)	2,220	1,888	332	17.58
FFB	(RM/tonne)	508	470	38	8.09

	2016	2016	Variance	%
	Quarter 2	Quarter 1		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	132,406	89,518	42,888	47.91
Profit/ (Loss) before tax	6,049	(15,668)	21,717	138.61

Compared to the preceding quarter, revenue for the second quarter ended 30 June 2016 was higher by 48%. This is mainly attributed to higher sales volume and higher average prices realised. Profit before tax was higher mainly due to higher revenue and gross profit margin by 48% and 10% respectively.

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

The industry and the Group's performance in 2016 thus far has been adversely affected by the severe dry conditions brought upon by the El Nino phenomenon since 2015. Although FFB production and yields have shown some signs of improvement, the recovery is expected to be gradual while CPO prices are anticipated to remain volatile amidst demand and supply uncertainties. The market in general projects the performance of industry players to remain subdued for the year, and the Board expects the Group's performance to be in line with the industry. However, the Board believes that the long-term fundamentals of the palm oil sector remain attractive and the Group shall remain focused in carrying out its long term development and consolidation plans.

**(b) Projection of Targets Previously Announced**

On 12 April 2016, the Group announced its 2016 targets which were to achieve 3.33% return on equity ("ROE"), 20.32 mt/ha FFB yield per matured hectare and to distribute approximately 50% of profit attributable to owners of THP Group as dividend.

i) As at 30 June 2016, the Group achieved an annualised ROE of 0.07%.

ii) As at 30 June 2016, the Group achieved an FFB yield of 6.71mt/ha. The Group is hopeful for an improvement in weather conditions and production patterns particularly in the second half of the year.

iii) The distribution of dividends from PATAMI will be done after the finalisation of the Group's audited financial statements for financial year 2016.

**27 Variance of Actual Profit from Forecast Profit**

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

	Second Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	RM'000	RM'000	RM'000	RM'000
Current	1,876	2,975	3,102	4,803
Deferred	(5,681)	(258)	(13,127)	(6,857)
	<u>(3,805)</u>	<u>2,717</u>	<u>(10,025)</u>	<u>(2,054)</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 for the quarter under review is lower than its statutory rate as a result of higher deferred tax recognised.

## 29 Realised and Unrealised Profits

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Realised	725,462	701,506
Unrealised	28,181	44,952
	<u>753,643</u>	<u>746,458</u>
Less: Consolidation adjustments	(265,794)	(259,042)
<b>Total Group retained earnings as per consolidated interim financial statements</b>	<u><b>487,849</b></u>	<u><b>487,416</b></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.

## 30 Unquoted Investments And/Or Properties

There were no purchases or disposals of unquoted investments for the current quarter under review.

## 31 Quoted Investments

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

## 32 Status Of Corporate Proposals

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

## 33 Property, Plant and Equipment ("PPE")

As at 30 June 2016, 3,788 hectares of oil palm estates have reached maturity and reclassified as PPE.

As at 30 June 2016, total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
<b>Loans and borrowings</b>		
<b>Non current</b>		
Secured:		
Flexi Term Financing-i	39,715	43,715
Ijarah Term Financing-i Facility	7,736	7,768
Commodity Mudharabah Facility	80,000	-
Unsecured:		
SUKUK Murabahah Medium Term Notes	1,070,000	1,060,000
Term loan - Forest Plantation Development	20,025	17,154
	<u>1,217,476</u>	<u>1,128,637</u>
<b>Current</b>		
Secured:		
Flexi Term Financing-i	9,000	9,000
SUKUK Murabahah Medium Term Notes	80,000	80,000
Ijarah Term Financing-i Facility	12,000	12,000
Unsecured:		
Islamic Trade Financing-i	18,804	5,493
	<u>1,337,280</u>	<u>1,235,130</u>

**Maturity analysis**

Tenure	Year of maturity	Profit margin %	Amount RM'000
Below 1 year	2016	4.97-6.5	65,804
1-2 years	2017	4.67-6.5	95,536
2-3 years	2018	4.55-6.60	73,400
3-4 years	2019	5.35-5.44	90,915
4-5 years	2020	5.44	82,867
5-6 years	2021	5.56	83,000
6-7 years	2022	5.56	108,000
7-8 years	2023	5.8	113,800
8-9 years	2024	5.93	119,867
9-10 years	2025	5.93-6.16	130,533
10-11 years	2026	6.14-6.21	153,533
11-12 years	2027	6.65	200,000
12-13 years	2028	-	-
13-14 years	2029	3*	20,025
			<u>1,337,280</u>

\* Soft loan granted by Forest Plantation Development

**35 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.

**36 Material Litigation**

**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 Court has fixed the case for hearing on 27 September 2016 for the Application for Leave to Appeal filed by the Company.

**37 Earnings Per Share**

		UNAUDITED SECOND QUARTER		UNAUDITED CUMULATIVE QUARTER	
		Current Year	Preceding Year	Current Year	Preceding Year
<b>(i) Basic earnings per share</b>					
Profit attributable to shareholders	RM'000	<u>7,581</u>	<u>5,145</u>	<u>433</u>	<u>11,724</u>
Weighted average number of ordinary shares in issue	'000	<u>883,851</u>	<u>883,140</u>	<u>883,851</u>	<u>883,140</u>
Basic earnings per share	sen	<u>0.86</u>	<u>0.58</u>	<u>0.05</u>	<u>1.33</u>
<b>(ii) Diluted earnings per share</b>					
Profit attributable to shareholders	RM'000	<u>7,581</u>	<u>5,145</u>	<u>433</u>	<u>11,724</u>
Weighted average number of ordinary shares in issue	'000	<u>883,851</u>	<u>883,140</u>	<u>883,851</u>	<u>883,140</u>
Effect of dilution (ESOS outstanding)	'000	<u>-</u>	<u>653</u>	<u>-</u>	<u>653</u>
Adjusted weighted average number of ordinary shares in issue	'000	<u>883,851</u>	<u>883,793</u>	<u>883,851</u>	<u>883,793</u>
Diluted earnings per share	sen	<u>0.86</u>	<u>0.58</u>	<u>0.05</u>	<u>1.33</u>

**38 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 26 August 2016.

By Order of the Board  
Aliatun binti Mahmud  
LS0008841  
Secretary

Kuala Lumpur  
26 August 2016