

TH PLANTATIONS BERHAD

(Incorporated in Malaysia)

(Company No : 12696-M)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017

The Directors have pleasure in announcing the unaudited consolidated results for the second quarter ended 30 June 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	UNAUDITED SECOND QUARTER		UNAUDITED CUMULATIVE	
		CURRENT YEAR 30.06.17 RM'000	PRECEDING YEAR 30.06.16 RM'000	CURRENT YEAR 30.06.17 RM'000	PRECEDING YEAR 30.06.16 RM'000
Revenue	24	155,425	132,406	321,478	221,924
Cost of sales		(100,417)	(96,874)	(207,942)	(169,071)
Depreciation and amortisation		(25,193)	(22,918)	(44,305)	(40,853)
Gross profit		29,815	12,614	69,231	12,000
Other income	6	7,375	4,225	15,305	5,296
Administrative expenses		(4,485)	(3,319)	(8,515)	(6,999)
Other expenses	7	(8,356)	(2,204)	(17,416)	(10,535)
Depreciation		(277)	(305)	(508)	(573)
Profit/ (loss) from operations		24,072	11,011	58,097	(811)
Finance costs	8	(14,030)	(4,962)	(27,746)	(8,808)
Profit/ (Loss) before tax	24	10,042	6,049	30,351	(9,619)
Tax expense	29	(711)	3,805	(5,771)	10,025
Profit for the period	24	9,331	9,854	24,580	406
Other comprehensive income, net of tax					
Item that are or may be reclassified subsequently to profit and loss, net of tax					
Foreign currency translation differences for foreign operations		128	(276)	141	54
Other comprehensive income, net of tax		128	(276)	141	54
Total comprehensive income for the period		9,459	9,578	24,721	460
Profit attributable to:					
Owners of the Company		7,196	7,581	18,396	433
Non-Controlling Interests		2,135	2,273	6,184	(27)
Profit for the period		9,331	9,854	24,580	406
Total comprehensive income attributable to:					
Owners of the Company		7,315	7,324	18,527	483
Non-Controlling Interests		2,144	2,254	6,194	(23)
Total comprehensive income, net of tax		9,459	9,578	24,721	460
Earnings per share (sen) :					
Basic earnings per share	38	0.81	0.86	2.08	0.05
Diluted earnings per share	38	0.81	0.86	2.08	0.05

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.06.17 RM'000 (unaudited)	As at 31.12.16 RM'000 (audited)
Assets			
Property, plant & equipment	34	2,709,491	2,614,875
Plantation development expenditure	12	243,215	326,445
Forestry	13	158,491	162,470
Intangible assets	14	73,265	73,265
Other investment	15	1,825	1,825
Deferred tax assets		120,607	117,771
Total non-current assets		3,306,894	3,296,651
Inventories		22,280	17,045
Current tax assets		6,146	5,366
Other investment	15	4,225	3,520
Trade and other receivables		89,407	118,475
Prepayments and other assets		5,059	4,289
Cash and cash equivalents	16	18,376	163,771
Total current assets		145,493	312,466
Total assets		3,452,387	3,609,117
Equity			
Capital reserve		779,794	781,875
Retained earnings		599,851	634,486
Total equity attributable to equity holders of the Company		1,379,645	1,416,361
Non-controlling interests		357,327	351,134
Total equity		1,736,972	1,767,495
Liabilities			
Loans and borrowings	35 (a)	1,138,043	1,175,374
Deferred tax liabilities		328,456	331,787
Trade and other payables		13,438	13,656
Total non-current liabilities		1,479,937	1,520,817
Current liabilities			
Loans and borrowings	35 (b)	53,318	113,151
Trade and other payables		177,850	205,446
Current tax liabilities		4,310	2,208
Total current liabilities		235,478	320,805
Total liabilities		1,715,415	1,841,622
Total equity and liabilities		3,452,387	3,609,117
Net tangible assets per share (RM)		1.48	1.52

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 2017

	Attributable to equity holders of the Company									
	Non-distributable					Distributable				
	Share capital	Share premium	Other reserves	Share Option reserve	Exchange reserve	Total capital reserve	Retained earnings	Non-controlling Interests	Total	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	441,925	420,827	(82,557)	2,228	(405)	782,018	487,416	354,439	1,269,434	1,623,873
Foreign currency translation differences for foreign operations	-	-	-	-	(128)	(128)	-	(10)	(128)	(138)
Other comprehensive income for the year Profit for the period	-	-	-	-	(128)	(128)	-	(10)	(128)	(138)
Total comprehensive income for the period	-	-	-	-	(128)	(128)	147,070	3,389	146,942	150,331
Adjustment on fair value of ESOS	-	-	-	(15)	-	(15)	-	-	(15)	(15)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(6,694)	-	(6,694)
Total transactions with owners of the Group	-	-	-	(15)	-	(15)	-	(6,694)	(15)	(6,694)
At 31 December 2016	441,925	420,827	(82,557)	2,213	(533)	781,875	634,486	351,134	1,416,361	1,767,495
At 1 January 2017	441,925	420,827	(82,557)	2,213	(533)	781,875	634,486	351,134	1,416,361	1,767,495
Foreign currency translation differences for foreign operations	-	-	-	-	132	132	-	9	132	141
Other comprehensive income for the year Profit for the period	-	-	-	-	132	132	-	9	132	141
Total comprehensive income for the period	-	-	-	-	132	132	18,396	6,184	18,396	24,580
Adjustment on fair value of ESOS	-	-	-	(2,213)	-	(2,213)	-	-	(2,213)	(2,213)
Dividends to owners of the Company	-	-	-	-	-	-	(53,031)	-	(53,031)	(53,031)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Group	-	-	-	(2,213)	-	(2,213)	(53,031)	-	(55,244)	(55,244)
Transition to no-par value regime on 31 January 2017¹	420,827	(420,827)	-	-	-	(2,213)	599,851	-	1,379,645	1,736,972
At 30 June 2017 (unaudited)	862,752	-	(82,557)	-	(401)	779,794	599,851	357,327	1,379,645	1,736,972

1. The New Companies Act 2016 ('Act'), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the outstanding credit amount in the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM420,827,000 for purposes as set out in Section 618 (3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

	Note	FOR THE SECOND QUARTER ENDED	
		30.06.17 RM'000 (unaudited)	30.06.16 RM'000 (unaudited)
Cash flows from operating activities			
Profit/ (Loss) before tax		30,351	(9,619)
Adjustment for non-cash flow items		70,303	56,268
Operating profit before changes in working capital		<u>100,654</u>	<u>46,649</u>
Changes in working capital			
Net changes in working capital		(19,310)	(40,562)
Cash generated from operations		<u>81,344</u>	<u>6,087</u>
Finance cost		(15,356)	(36,252)
Profit margin income from short term Islamic deposits and inter-company receivables		2,538	984
Tax paid		(12,840)	(11,898)
Tax refund		238	1,577
Net cash generated from/ (used in) operating activities		<u>55,924</u>	<u>(39,502)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(18,000)	(11,881)
Decrease in deposits pledged		-	34
Plantation development expenditure		(34,440)	(30,411)
Forestry plantation		(3,582)	(8,730)
Dividend received		-	237
Increase in other investment		(705)	(13,975)
Net cash used in investing activities		<u>(56,727)</u>	<u>(64,726)</u>
Cash flows from financing activities			
Repayment of loans and borrowings		(84,375)	(30,959)
Repayment of SUKUK		(225,000)	(50,000)
Dividends paid to owners of the Company		(59,287)	(82)
Proceeds from drawdown of loans and borrowings		150,728	145,153
Proceeds from tradeline drawdown		73,342	40,236
Net cash (used in)/generated from financing activities		<u>(144,592)</u>	<u>104,348</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(145,395)</u>	<u>120</u>
Cash and cash equivalents at beginning of the year		<u>163,771</u>	<u>75,556</u>
Cash and cash equivalents at end of the period		<u>18,376</u>	<u>75,676</u>
Cash and cash equivalents comprise:			
Deposits	16	1,944	37,782
Cash and bank balances	16	<u>16,432</u>	<u>37,894</u>
		<u>18,376</u>	<u>75,676</u>
Less :			
Deposits pledged		-	-
		<u>18,376</u>	<u>75,676</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 2016. 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 2016.

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 2016 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 2016.

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 using valuation prepared by an independent valuer as at 31 December 2016. The Directors of the Group are of the opinion that there is no material changes in the fair value of forestry during the current quarter.

(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

Management estimates the fair value of land based on 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 2016 in their report dated 28 March 2017.

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.

	CUMULATIVE	
	Current Year RM'000	Preceding Year RM'000
Other income consist of the following:		
a) Profit margin income from short term investments and receivables	2,538	983
b) Government grant	11,940	2,308
c) Sundry income	827	2,005
Total	<u>15,305</u>	<u>5,296</u>

7 Other Expenses

	CUMULATIVE	
	Current Year RM'000	Preceding Year RM'000
Other expenses consist of the followings:		
a) Change in fair value of forestry	11,236	8,364
b) Foreign exchange loss	3,139	791
c) Sundry expenses	3,041	1,380
Total	<u>17,416</u>	<u>10,535</u>

8 Finance cost

	CUMULATIVE	
	Current Year RM'000	Preceding Year RM'000
Finance cost	<u>27,746</u>	<u>8,808</u>

The increase in finance cost for the current quarter was due to lower capitalisation in plantation development expenditure due to more area coming to maturity.

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 quarter under review, The Group:

- i) Drawdown of RM10.7 million of soft loan at an effective profit margin rate of 3.00%.
- ii) Drawdown of RM140 million of its Commodity Mudharabah Facility at an effective profit margin of 5.85%.
- iii) Redemption of RM225 million SUKUK at average effective profit margin of 6.60%.

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

11 Dividends

During the second quarter ended 30 June 2017, the Company paid a final dividend of 6.00 sen per ordinary share in respect of financial year ended 31 December 2016 as approved by shareholders at the Company's AGM on 8 May 2017 amounting to RM53.30 million.

12 Plantation development expenditure

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
At 1 January	326,445	405,595
Additions during the year	40,356	83,272
Additions in nurseries	2,621	5,401
Effect of movement in exchange rate	(3,187)	5,239
<i>Less:</i> Transfer to property, plant and equipment	(123,020)	(168,055)
<i>Less:</i> Write off	-	(1,625)
<i>Less:</i> Disposal of subsidiary	-	(3,382)
At 30 June/ December	<u>243,215</u>	<u>326,445</u>

13 Forestry

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
At 1 January	162,470	145,905
Additions during the year	7,257	15,158
Additions in nurseries	-	16,740
Change in fair value recognised profit and loss	(11,236)	(15,333)
At 30 June/ December	<u>158,491</u>	<u>162,470</u>

14 Intangible assets

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Cost		
Goodwill	<u>73,265</u>	<u>73,265</u>

15 Other investments

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Non-current		
Available-for-sale financial assets	1,920	1,920
<i>Less:</i> Impairment loss	(95)	(95)
	<u>1,825</u>	<u>1,825</u>
Current		
Deposits placed with licensed banks (maturity period more than 3 months)	<u>4,225</u>	<u>3,520</u>
At 30 June/December	<u>4,225</u>	<u>3,520</u>

16 Cash and cash equivalents

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Deposits placed with licensed banks (maturity period less than 3 months)	1,944	127,473
Cash and bank balances	16,432	36,298
	<u>18,376</u>	<u>163,771</u>

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	Forestry	Management Services	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
RESULTS FOR 3 MONTHS ENDED 30 JUNE 2017					
External operating revenue	155,129	-	296	-	155,425
Inter-segment revenue	20,489	-	5,572	(26,061)	-
Total operating revenue	175,618	-	5,868	(26,061)	155,425
Other income	21,418	5,815	9	(19,867)	7,375
	197,036	5,815	5,877	(45,928)	162,800
Operating expenses	(131,353)	-	(6,794)	12,537	(125,610)
Segment results	65,683	5,815	(917)	(33,391)	37,190
Other expenses	(9,926)	(5,653)	(2,825)	5,286	(13,118)
Finance costs	(32,304)	-	-	18,274	(14,030)
Profit before tax	23,453	162	(3,742)	(9,831)	10,042
RESULTS FOR 3 MONTHS ENDED 30 JUNE 2016					
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)
Profit before tax	20,539	(894)	(3,426)	(10,170)	6,049
RESULTS UP TO SECOND QUARTER ENDED 30 JUNE 2017					
External operating revenue	320,963	-	515	-	321,478
Inter-segment revenue	43,528	-	11,777	(55,305)	-
Total operating revenue	364,491	-	12,292	(55,305)	321,478
Other income	42,388	11,995	9	(39,087)	15,305
	406,879	11,995	12,301	(94,392)	336,783
Operating expenses	(265,518)	-	(17,454)	30,725	(252,247)
Segment results	141,361	11,995	(5,153)	(63,667)	84,536
Other expenses	(20,423)	(11,596)	(5,165)	10,745	(26,439)
Finance costs	(64,007)	-	-	36,261	(27,746)
Profit before tax	56,931	399	(10,318)	(16,661)	30,351
RESULTS UP TO SECOND QUARTER ENDED 30 JUNE 2016					
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)
Profit before tax	22,405	(6,381)	(8,755)	(16,888)	(9,619)
ASSETS AND LIABILITIES AS AT 30 JUNE 2017					
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets that belong to the Group	5,456,676	199,710	36,592	(2,240,591)	3,452,387
Total assets	5,456,676	199,710	36,592	(2,240,591)	3,452,387
Liabilities that belong to the Group	2,868,030	153,236	65,514	(1,371,365)	1,715,415
Total liabilities	2,868,030	153,236	65,514	(1,371,365)	1,715,415
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2016					
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets that belong to the Group	5,589,928	200,801	27,510	(2,209,122)	3,609,117
Total assets	5,589,928	200,801	27,510	(2,209,122)	3,609,117
Liabilities that belong to the Group	2,970,406	157,422	46,114	(1,332,320)	1,841,622
Total liabilities	2,970,406	157,422	46,114	(1,332,320)	1,841,622

18 Valuation Of Property, Plant And Equipment

There was no valuation of the property, plant and equipment during the current quarter under review.

19 Material Event Subsequent To The Balance Sheet Date

There is no material event which occurred subsequent to the balance sheet date of this announcement.

20 Changes In The Composition Of The Group

There is no change 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 21 August 2017.

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

	As at 30.06.2017
	RM'000
Approved and contracted for	
Approved but not contracted for	4,301
	<u>132,791</u>
	<u>137,092</u>

23 Material Related Party Transactions

**For the second
quarter ended
30.06.2017**

Transactions with THP

Transacting Parties	Relationship	Nature of transactions	RM'000
Lembaga Tabung Haji	Holding Corporation	Lease of land	1,464
Lembaga Tabung Haji	Holding Corporation	Rental of office	1,431

Transactions with THP Group

Syarikat Takaful Malaysia	Related Company	Insurance premium	3,521
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	174
Deru Semangat Sdn Bhd	Related Company	Management fees	195
TH Estates Holding Sdn Bhd	Related Company	Management fees	320
Sistem Komunikasi Gelombang Sdn Bhd	Related Company	Telecommunication services	233

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

24 Review Of Group's Financial Performance

(i) Current quarter

	UNAUDITED SECOND QUARTER		Variance RM'000	Variance %
	CURRENT YEAR 30.06.17	PRECEDING YEAR 30.06.16		
	RM'000	RM'000		
Revenue	155,425	132,406	23,019	17.39%
Operating profit	29,815	12,614	17,201	136.36%
Profit Before Interest and Tax ("PBIT")	24,072	11,011	13,061	118.62%
Profit Before Tax ("PBT")	10,042	6,049	3,993	66.01%
Profit After Tax ("PAT")	9,331	9,854	(523)	-5.31%
Profit attributable to owners of the Company ("PATAMI")	7,196	7,581	(385)	-5.08%

(a) Revenue

For current quarter ended 30 June 2017 ("2Q17"), the Group's revenue stood at RM155.43 million (2Q16: RM132.41 million), a 17% increase compared to same period last year. The increase is mainly attributed to higher production and sales volume as well as higher average realised prices of CPO and FFB.

Sales Volume

Crude palm oil	(Metric tonnes)
Palm kernel	(Metric tonnes)
FFB	(Metric tonnes)

Second quarter		Variance	
2017	2016	MT	%
43,653	42,319	1,334	3.15
9,997	9,172	825	8.99
34,616	18,215	16,401	90.04

Average realised prices

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

Second quarter		Variance	
2017	2016	RM/MT	%
2,664	2,429	235	9.67
1,987	2,220	(233)	(10.50)
548	508	40	7.87

(b) Operating profit

Operating profit for 2Q17 was higher by RM17.20 million or 136% mainly driven by higher revenue. However, cost of sales were also higher by RM5.80 million due to:

- Higher FFB purchases by RM4.71 million due to higher volume and price of FFB purchases.
- Higher amortisation cost by RM2.5 million due to increase in mature area by 1,300.67 hectares and higher amortisation rates, as per Group's amortisation table.

(c) PBIT

PBIT for 2Q17 was higher by RM13.06 million or 119% compared to 2Q16 driven by higher revenue and other income which were higher by RM23 million and RM3.15 million respectively. However, it was partly offset by increase in cost of sales by RM5.80 million and other expenses by RM7.29 million.

(d) PBT

For 2Q17, PBT was higher by RM3.99 million or 66% compared to 2Q16 due to higher profit before interest and tax. However, the higher PBIT was offset by higher finance cost that went up by RM9.07 million. The increase in finance cost for the current quarter was due to lower capitalisation in plantation development expenditure as more areas came into maturity.

(e) PAT

PAT for 2Q17 was lower by RM0.52 million compared to 2Q16 as the Group recognised higher effective tax rates in 2Q17.

(f) PATAMI

For 2Q17, PATAMI was lower by RM0.38 million as compared to 2Q16 due to lower profit after tax by RM0.52 million as mentioned above.

(ii) Cumulative quarter

	UNAUDITED CUMULATIVE		Variance	Variance
	CURRENT YEAR	PRECEDING YEAR		
	30.06.17	30.06.16		
	RM'000	RM'000	RM'000	%
Revenue	321,478	221,924	99,554	44.86%
Operating profit	69,231	12,000	57,231	476.93%
PBIT	58,097	(811)	58,908	-7263.63%
PBT	30,351	(9,619)	39,970	-415.53%
PAT	24,580	406	24,174	5954.19%
PATAMI	18,396	433	17,963	4148.50%

(a) Revenue

Revenue for the six months ended 30 June 2017 ("1H17") was RM321.48 million, an increase of 45% from RM221.92 million in the six months ended 30 June 2016 ("1H16"). The increase is mainly attributed to higher volume and higher average realised prices of CPO, PK and FFB.

Sales Volume

Crude palm oil	(Metric tonnes)
Palm kernel	(Metric tonnes)
FFB	(Metric tonnes)

Cumulative quarter		Variance	
2017	2016	MT	%
85,158	72,018	13,140	18.25
19,295	15,977	3,318	20.77
55,071	39,587	15,484	39.11

Average realised prices

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

Cumulative quarter		Variance	
2017	2016	RM/MT	%
2,826	2,349	477	20.31
2,542	2,078	464	22.33
567	488	79	16.19

(b) Operating profit

Operating profit for 1H17 was higher by RM57.23 million or 477% mainly driven by higher revenue. However, cost of sales were also higher by RM42.32 million due to:

- Higher FFB purchases by RM34.85 million due to higher volume and price of FFB purchases.
- Higher amortisation cost by RM3.87 million due to increase in mature area by 1,300.67 hectares and higher amortisation rates, as per Group's amortisation table.

(c) PBIT

PBIT for 1H17 was higher by RM58.91 million as compared to a loss of RM0.81 million in 1H16. This is mainly attributed to significantly higher operating profit (higher by RM57.23 million) and higher other income arising from government grant (deferred income) recognised during the year amounting to RM11.94 million.

(d) PBT

The Group recorded PBT of RM30.35 million for 1H17 as compared to a loss of RM9.62 million in 1H16, mainly attributed to significantly higher PBIT by RM58.91 million. However, the higher PBIT was offset by higher finance cost by RM18.94 million. The increase in finance cost for the current year was due to lower capitalisation in plantation development expenditure as more areas came into maturity.

(e) PAT

PAT for 1H17 was higher by RM24.17 million compared to 1H16 due to lower effective tax rate of the Group for 1H17.

(f) PATAMI

PATAMI for 1H17 was higher by RM17.96 million as compared to 1H16 driven by higher PAT (which was higher by RM24.17 million).

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

	2017	2017	Variance	
	Quarter 2	Quarter 1	RM'000	%
	RM'000	RM'000		
Revenue	155,425	166,053	(10,628)	(6.40)
Operating profit	29,815	39,416	(9,601)	(24.36)
PBIT	24,072	34,025	(9,953)	(29.25)
PBT	10,042	20,309	(10,267)	(50.55)
PAT	9,331	15,249	(5,918)	(38.81)
PATAMI	7,196	11,200	(4,004)	(35.75)

		2017	2017	Variance	
		Quarter 2	Quarter 1	MT	%
Sales Volume					
Crude palm oil	(Metric tonnes)	43,653	41,505	2,148	5.18
Palm kernel	(Metric tonnes)	9,997	9,298	699	7.52
FFB	(Metric tonnes)	34,616	20,455	14,161	69.23

		2017	2017	Variance	
		Quarter 2	Quarter 1	RM/MT	%
Average realised prices					
Crude palm oil	(RM/tonne)	2,664	2,997	(333)	(11.11)
Palm kernel	(RM/tonne)	1,987	3,139	(1,152)	(36.70)
FFB	(RM/tonne)	548	600	(52)	(8.67)

(a) Revenue

Despite higher sales volume of CPO, PK and FFB , revenue for 2Q17 was lower by 6%, mainly attributed to the lower average realised prices for CPO ,PK and FFB. The sales volume of FFB for 2Q17 increased by 69% due to the temporary shutdown of our palm oil mills in Sarawak for maintenance and annual inspection activities. As a result, the FFB received at that mill were sold to outside mills during that period.

(b) Operating profit

Operating profit was lower by RM9.60 million due to lower revenue by RM10.63 million and higher cost of sales by RM1.03 million.

(c) PBIT

PBIT for 2Q17 was lower by RM9.95 million or 29% as compared to preceding quarter due to lower operating profit by RM9.6 million and lower other income from investment by RM0.3 million.

(d) PBT

PBT was lower by RM10.26 million or 51% compared to preceding quarter was due to lower profit before interest and tax by RM9.95 million and higher finance cost by RM0.3 million.

(e) PAT

PAT for 2Q17 was lower by RM5.92 million compared to 1Q17 driven by lower PBT (which was lower by RM10.26 million).The effective tax rate for 2Q17 is 7% which is lower than preceding quarter and statutory rate as a result of higher available capital allowance for the current quarter.

(f) PATAMI

PATAMI for 2Q17 was lower by RM4.0 million as compared to preceding quarter due to lower profit after tax by RM5.92 million.

26 Review of operating segments**Oil Palm Plantation****(i)Current quarter**

The Oil Palm Plantation segment recorded a PBT of RM23.45 million in 2Q17, an increase of 14% compared to RM20.54 million in 2Q16 as a result of higher revenue by RM22.74 million but offset by higher finance cost by RM7.60 million.

(ii)Cumulative quarter

For 1H17, PBT for the oil palm plantation segment was RM56.93 million, an increase of 154% compared to RM22.41 million in 1H16 mainly attributed to significantly higher gross profit margin.

Forestry**(i)Current quarter**

The forestry segment recorded a PBT of RM0.16 million in 2Q17, an increase of 118% compared to a loss of RM0.89 million in 2Q16 as a result of higher deferred income on government grant recognised amounting to RM5.8 million. However, it was partly offset by increase in fair value of forestry recognised amounting to RM5.3 million.

(ii)Cumulative quarter

For 1H17, PBT for forestry plantation was RM0.40 million, an increase of 106% compared to a loss of RM6.38 million in 1H16 mainly attributed to higher deferred income on government grant recognised amounting to RM11.94 million.

Management services**(i)Current quarter**

Management services recorded a loss before tax of RM3.74 million in 2Q17 which is higher by RM0.32 million compared to 2Q16.

(ii)Cumulative quarter

For 1H17, management services recorded a loss before tax of RM10.32 million, an increase of 18% compared to a loss of RM8.76 million in 1H16 mainly attributed to an increase in other expenses by 137% in 1H17.

27 Current Year Prospects

With improved weather conditions, the Group expects continued recovery in production to drive the Group's revenue growth. However, with higher inventory levels in the market, commodity prices are expected to weaken particularly in the second half of the year. Nevertheless, the market expects prices to be supported by higher demand for palm oil products. Notwithstanding the volatility of commodity prices, the Group is cautiously optimistic of performing satisfactorily in FY2017.

28 Variance Of Actual Profit From Forecast Profit

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

29 Taxation

	Second Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	RM'000	RM'000	RM'000	RM'000
Current	4,056	1,876	11,939	3,102
Deferred	(3,345)	(5,681)	(6,168)	(13,127)
	<u>711</u>	<u>(3,805)</u>	<u>5,771</u>	<u>(10,025)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the quarter.

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

30 Realised and Unrealised Profits

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Realised	819,546	733,533
Unrealised	72,010	169,050
	<u>891,556</u>	<u>902,583</u>
Less: Consolidation adjustments	(291,705)	(268,097)
Total Group retained earnings as per consolidated interim financial statements	<u>599,851</u>	<u>634,486</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.

31 Unquoted Investments And/Or Properties

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

32 Quoted Investments

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

33 Status Of Corporate Proposals

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

34 Property, Plant and Equipment ("PPE")

For the year 2017, an additional 1,300.67 hectares of oil palm estates have reached maturity and reclassified as PPE.

35 Group Borrowings

As at 30 June 2017, total secured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Loans and borrowings		
(a) Non current		
Secured:		
Flexi Term Financing-i	22,715	30,715
Commodity Mudharabah Term Financing-i	200,574	73,693
Unsecured:		
SUKUK Murabahah Medium Term Notes	895,000	1,050,000
Term loan - Forest Plantation Development	19,754	20,966
Total Non current	1,138,043	1,175,374
(b) Current		
Secured:		
Flexi Term Financing-i	15,000	13,000
Ijarah Term Financing-i Facility	7,680	7,680
Commodity Mudharabah Term Financing-i	18,000	4,800
Unsecured:		
SUKUK Murabahah Medium Term Notes	-	70,000
Islamic Trade Financing-i	12,638	17,671
Total current	53,318	113,151
Grand total	1,191,361	1,288,525

(c) Maturity analysis

Tenure	Year of maturity	Profit margin %	Amount RM'000
Below 1 year	2017	4.67-6.5	47,318
1-2 years	2018	4.55-6.60	41,000
2-3 years	2019	5.35-5.44	38,715
3-4 years	2020	5.44	69,500
4-5 years	2021	5.56	105,000
5-6 years	2022	5.56	130,000
6-7 years	2023	5.8	138,000
7-8 years	2024	5.93	137,074
8-9 years	2025	5.93-6.16	120,000
9-10 years	2026	6.14-6.21	145,000
10-11 years	2027	6.65	200,000
11-12 years	2028	-	-
12-13 years	2029	3*	19,754
			1,191,361

* Soft loan granted by Forest Plantation Development

36 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.

37 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) Federal Court Civil Appeal No. 01-[f]-26- 12/2014 [Q]**

The appeal before the Federal Court in Kuching was held on 7 February 2017. In the said appeal, the solicitors of all parties involved had made their respective submissions. The Federal Court had adjourned the case for a ruling to a date to be fixed in due course.

As at todate, the Federal Court has not fixed the date for the ruling of the case.

38 Earnings Per Share

		UNAUDITED SECOND QUARTER		UNAUDITED CUMULATIVE		
		Current Year	Preceding Year	Current Year	Preceding Year	
(i)	<i>Basic earnings per share</i>					
	Profit attributable to shareholders	RM'000	7,196	7,581	18,396	433
	Weighted average number of ordinary shares in issue	'000	883,851	883,851	883,851	883,851
	Basic earnings per share	sen	0.81	0.86	2.08	0.05
(ii)	<i>Diluted earnings per share</i>					
	Profit attributable to shareholders	RM'000	7,196	7,581	18,396	433
	Weighted average number of ordinary shares in issue	'000	883,851	883,851	883,851	883,851
	Effect of dilution (ESOS outstanding)	'000	-	-	-	-
	Adjusted weighted average number of ordinary shares in issue	'000	883,851	883,851	883,851	883,851
	Diluted earnings per share	sen	0.81	0.86	2.08	0.05

39 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 21 August 2017.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
21 August 2017