TANAH MAKMUR BERHAD (841938-U)

Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31.12.2014

TANAH MAKMUR BERHAD (841938-U)

Condensed Consolidated Statement of Comprehensive Income

	Current quarter		Cumulative quarter	
	(audited)	*(audited)*	*(audited)*	*(audited)*
	3 months ended		*12 months ended*	
	31 Dec		*31 Dec*	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	105,004	74,895	388,949	243,486
Other income	1,124	254	2,613	1,817
	106,128	75,149	391,562	245,303
Operational costs	(78,002)	(57,367)	(279,555)	(169,664)
Depreciation and amortisation	(2,366)	(2,748)	(10,009)	(9,349)
Profit from operations	25,760	15,034	101,998	66,290
Finance costs	*(1,062)*	*(2,529)*	*(4,599)*	*(4,608)*
Profit before taxation	24,698	12,505	97,399	61,682
Taxation	(3,450)	(2,504)	(24,998)	(16,991)
Profit for the period	21,248	10,001	72,401	44,691
Other comprehensive income :	-	-	-	-
Total comprehensive income for the year	**21,248**	**10,001**	**72,401**	**44,691**
Profit attributable to:				
Equity holders of the company	14,792	10,207	53,872	42,891
Non-controlling interests	6,456	(206)	18,529	1,800
	21,248	10,001	72,401	44,691
Total comprehensive income attributable to:				
Equity holders of the company	14,792	10,207	53,872	42,891
Non-controlling interests	6,456	(206)	18,529	1,800
	21,248	10,001	72,401	44,691
Earnings per share attributable to equity holders of the company (sen):				
Basic **(Note B14)**	3.98	2.95	14.48	12.40

This interim financial report should be read in conjunction with the audited financial statements of Tanah Makmur Berhad ("**Tanah Makmur**" or "**Company**") and its subsidiaries ("**Tanah Makmur Group**" or "**Group**") for the year ended 31 December 2013.

TANAH MAKMUR BERHAD (841938-U)

Condensed Consolidated Statement of Financial Position

	(audited) As at 31/12/2014 RM'000	*(audited)* As at 31/12/2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	148,880	148,966
Biological assets	92,461	79,087
Land use rights	39,322	39,897
Land held for property development	28,123	28,600
Other investment	5	5
	308,791	**296,555**
Current assets		
Property development costs	86,787	73,214
Inventories	15,514	12,857
Trade and other receivables	32,106	32,839
Other current assets	24,793	6,365
Marketable securities	2,183	4,553
Tax recoverable	2,303	623
Cash and bank balances	111,239	46,931
	274,925	**177,382**
TOTAL ASSETS	**583,716**	**473,937**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	199,080	173,010
Reserves	218,936	150,476
	418,016	**323,486**
Non-controlling interests	22,298	16,150
Total equity	**440,314**	**339,636**
Non-current liabilities		
Loans and borrowings	36,225	44,455
Staff benefit liabilities	3,795	4,111
Deferred tax liabilities	28,730	29,538
	68,750	**78,104**
Current liabilities		
Loans and borrowings	5,908	12,407
Trade and other payables	53,050	33,618
Dividend payable	-	-
Other current liabilities	14,269	7,465
Tax payable	1,425	2,707
	74,652	**56,197**
TOTAL LIABILITIES	**143,402**	**134,301**
TOTAL EQUITY AND LIABILITIES	**583,716**	**473,937**
Net assets per share attributable to equity holders of the Company (RM)	1.12	0.93 *

***Note: adjusted for subdivision of shares to RM0.50 each retrospectively as per Paragraph B10 as at 31 December 2013 for comparative purposes.**

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.

TANAH MAKMUR BERHAD (841938-U)

Condensed Consolidated Statements of Changes in Equity

for the year ended 31/12/2014

	<---Non-distributable			--->	<Distributable>			
	Share capital	**Share premium**	**Capital redemption reserves**	**Other Reserve**	**Retained profit**	**Total**	**Non-controlling interests**	**TOTAL EQUITY**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1.1.2014	**173,010**	**-**	**1,050**	**3,544**	**145,882**	**323,486**	**16,150**	**339,636**
Total comprehensive income	-	-	-	-	53,872	53,872	18,529	72,401
Transfer to capital reserve	-	-	700	-	(700)	-	-	-
New issue of shares	26,070	39,105	-	-	-	65,175	-	65,175
Listing expenses	-	(627)	-	-	-	(627)	-	(627)
Dividend paid to minority interest	-	-	-	-	-	-	(12,675)	(12,675)
Issue of ordinary shares by subsidiary	-	-	-	-	-	-	294	294
Dividend **(A8)**	-	-	-	-	(23,890)	(23,890)	-	(23,890)
At 31.12.2014	**199,080**	**38,478**	**1,750**	**3,544**	**175,164**	**418,016**	**22,298**	**440,314**

	<---Non-distributable			--->	<Distributable>			
	Share capital	**Share premium**	**Capital redemption reserves**	**Other reserve**	**Retained profit**	**Total**	**Non-controlling interests**	**TOTAL EQUITY**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1.1.2013	173,010	-	700	3,544	129,533	306,787	14,150	320,937
Total comprehensive income	-	-	-	-	42,890	42,890	1,800	44,690
Transfer to capital reserve	-	-	350	-	(350)	-	-	-
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	944	944
Dilution/(accretion) on change in stake	-	-	-	-	(240)	(240)	240	-
Dividend paid to minority interest	-	-	-	-	-	-	(984)	(984)
Dividend	-	-	-	-	(25,951)	(25,951)	-	(25,951)
At 31.12.2013	**173,010**	**-**	**1,050**	**3,544**	**145,882**	**323,486**	**16,150**	**339,636**

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.

TANAH MAKMUR BERHAD (841938-U)

Condensed Consolidated Statement of Cash Flow
For the Year Ended 31 December 2014

	(audited) 31/12/2014 RM'000	*(audited)* 31/12/2013 RM'000
OPERATING ACTIVITIES		
Profit before tax	**97,399**	**61,682**
Adjustments for :		
Depreciation / amortisation	10,009	9,349
Bad debts written off	161	-
Provision for doubtful debts	381	-
Provision for dimunition of investment	2,370	-
Property, plant & equipment written off	-	1
Inventories written down	581	151
Loss on sale of livestocks	(122)	11
Pension costs - defined benefit plan	478	469
Interest expense	2,543	3,120
Interest income	(1,458)	(1,147)
Reversal of provision for tax penalty	-	(63)
Unwinding discounts of the redeemable preference shares	2,056	1,488
Total adjustments	**16,999**	**13,379**
Operating profit before changes in working capital	**114,398**	**75,061**
Changes in working capital :		
- Property development costs and land held for development	(13,014)	(4,721)
- Trade and other receivables	(18,238)	(4,816)
- Inventories	(3,239)	(2,505)
- Trade and other payables	25,817	2,945
Total changes in working capital	**(8,674)**	**(9,097)**
Cash generated from operations	**105,724**	**65,964**
Interest paid	(2,543)	(3,120)
Income taxes paid	(29,100)	(16,438)
Income taxes refund	331	217
Net cash flows from operating activities	**74,412**	**46,623**

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Tanah Makmur Berhad
(841938-U)

TANAH MAKMUR BERHAD (841938-U)

Condensed Consolidated Statement of Cash Flow
For the Year Ended 31 December 2014

	(audited) 31/12/2014 RM'000	*(audited)* 31/12/2013 RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,693)	(13,901)
Purchase of biological assets	(16,788)	(12,327)
Proceeds from sales of livestocks	467	263
Purchase of livestocks	(215)	(203)
Interest income received	1,458	1,147
Net cash used in investing activities	**(20,771)**	**(25,021)**
FINANCING ACTIVITIES		
Proceeds from borrowings	25,000	9,176
Repayment of borrowings	(35,610)	(23,341)
Repayment of redeemable preference shares	(7,000)	(3,500)
Proceeds from Initial Public Offering **(B10)**	64,548	-
Dividends paid to equity holders of the company	(23,890)	(25,951)
Dividend paid to non-controlling interest	(12,675)	(984)
Proceeds issuance of ordinary shares by subsidiaries to non-controlling interests	294	944
Net cash used in financing activities	**10,667**	**(43,656)**
CASH AND CASH EQUIVALENTS		
Net increase / (decrease)	64,308	(22,054)
At beginning of year	46,931	68,985
At end of year	**111,239**	**46,931**

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.

A. *Information Required by Financial Reporting Standards 134*

(1) Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standards ("**FRSs**") no: 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2013. The following notes explain the events and transactions that are significant for understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

(2) Significant Accounting Policies

The significant accounting policies are consistent with those adopted in the audited financial statements for year ended 31 December 2013, except for the new FRSs, revised FRSs, Amendments to FRSs and Issues Committee Interpretations ("**IC Interpretation**"), if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 132: *Offsetting Financial Assets And Financial Liabilities*	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: *Investment Entities*	1 January 2014
Amendments to FRS 136: *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 139: *Novation of Derivatives And Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to FRS 119: *Defined Benefit Plans: Employee Contributions*	1 July 2014
Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 10 and FRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 11: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 127: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 101 : *Disclosure Initiatives*	1 January 2016

Description	Effective for annual periods beginning on or after
Amendments to FRS 10, FRS 12 and FRS 128: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 14: *Regulatory Deferral Accounts*	1 January 2016
FRS 9: *Financial Instruments*	1 January 2016

The adoptions did not and will not result in significant changes in the accounting policies and presentation of the financial results of the Group.

On 19 November 2011, the Malaysian Accounting Standard Board ("**MASB**") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("**MFRS Framework**").

The MFRS Framework has been applied by all entities other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "**Transitioning Entities**").

However on 2 September 2014, MASB had announced that transitioning Entities would be allowed to defer adoption of the new MFRS framework for additional three years. MFRS will therefore be mandated for all companies for annual period beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively.

The Group has not completed its quantification of the financial effects on the financial statements of the differences arising from the changes from FRS to MFRS at this early stage.

(3) Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the Group's preceding annual financial statements.

(4) Seasonal or Cyclical Factors

The harvest of Fresh Fruit Bunch ("**FFB**") in our plantation estates tends to increase in the second half of the year as a result of rainfall patterns in Malaysia which typically leads to a greater supply of Crude Palm Oil ("**CPO**") and Palm Kernel ("**PK**") as FFB is processed following its harvest.

The Group's property development business generally moves in tandem with the economy, whereby strong economic growth coupled with fiscal stimulus by the Government would spur the growth of the property development business.

(5) Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting liabilities, equity, net income, or cash flow in the year under review.

(6) Changes in Estimates

There were no changes in estimated amounts that have a material effect on the current financial year results.

(7) Debt and Equity Securities: Issuances, cancellations, repurchases, resale and/or repayments of debt and equity securities

There were no cancellations, repurchase, resale and repayment of debt and equity securities in the quarter under review.

(8) Dividend

For the financial year ended 31 December 2014.

On 8 October 2014, the Company had paid a single tier interim dividend of six (6) sen per share to the entitled shareholders whose names appear on the record of depositors on 10 September 2014.

(9) Segmental Information

Segmental information is presented in respect of the Group's business segments. The reportable segments for the current financial year have been identified as follows:

- Plantation – Plantation segment activities including cultivation of oil palms, sales of FFB and other related products, and its ancillary activities comprising the operation of a palm oil mill and a compost plant.
- Property Development - Property development segment activities including sales of residential and commercial properties, trading materials, and mineral extraction activities.

No geographical segmental information is presented as the Group activities are carried out in Malaysia.

	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
3 months ended 31 Dec 2014			
Revenue			
Total revenue	54,461	64,621	119,082
Less : Inter-segment revenue	(9,497)	(4,581)	(14,078)
External revenue	44,964	60,040	105,004
Segment result (external)	5,151	19,547	24,698
Profit before tax			24,698
3 months ended 31 Dec 2013			
Revenue			
Total revenue	67,564	19,818	87,382
Less : Inter-segment revenue	(12,319)	(168)	(12,487)
External revenue	55,245	19,650	74,895
Segment result (external)	10,615	1,890	12,505
Profit before tax			12,505

	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
Cumulative 12 months ended 31 Dec 2014			
Revenue			
Total revenue	253,053	210,715	463,768
Less : Inter-segment revenue	(59,457)	(15,362)	(74,819)
External revenue	193,596	195,353	388,949
Segment result (external)	34,048	63,351	97,399
Profit before tax			97,399

	PLANTATION	PROPERTY DEVELOPMENT	GROUP
Cumulative 12 months ended 31 Dec 2013			
Revenue			
Total revenue	217,123	73,157	290,280
Less : Inter-segment revenue	(37,609)	(9,185)	(46,794)
External revenue	179,514	63,972	243,486
Segment result (external)	47,521	14,161	61,682
Profit before tax			61,682

(10) Carrying Amount of Revalued Assets

The carrying amounts of property, plant and equipment, biological assets and leasehold land have been brought forward without amendment from the audited financial statements for the year ended 31 December 2013. Our last revaluation was made in year 2010.

(11) Subsequent Event

There is no material event subsequent to the end of the current quarter.

(12) Change in Composition of the Group

There is no change in composition of the Group in the current quarter.

(13) Contingent Liabilities and/or Contingent Assets

As at 31 December 2014 there is no contingent liability / asset which upon becoming enforceable may have a material effect on the net assets, profits or financial position of our Group.

(14) Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and for biological assets not provided for in the financial statements as at 31 December 2014 is as follow:

	As at 31/12/2014 RM'000
Property, plant and equipment:	
- Authorised but not contracted	24,705
- Contracted but not provided in the financial statements	-
	24,705
Biological asset:	
- Authorised but not contracted	17,233
- Contracted but not provided in the financial statements	1,687
	18,920

B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

1. REVIEW OF PERFORMANCE

Current quarter – Q4 2014 Versus Q4 2013

For the 4th quarter ended 31 December 2014, the Group's revenue increased by 40.20% to RM105 million from RM74.89 million in the previous year's corresponding period.

Profit before tax increased by 97.50% to RM24.70 million in the 4th Quarter of 2014, from RM12.50 million in the previous year's corresponding period. The Group's total comprehensive income attributable to equity holders of the company also increased to RM14.79 million in the 4th Quarter 2014, from RM10.20 million in the previous year's corresponding period, an increase of 45.00%.

	Q4-2014	Q4-2013	Variance
	RM'000	RM'000	%
Revenue			
Plantation	44,964	55,245	(18.61%)
Property development	60,040	19,650	205.55%
Total	**105,004**	**74,895**	**40.20%**
Profit Before Tax			
Plantation	5,151	10,615	(51.47%)
Property development	19,547	1,890	934.23%
Total	**24,698**	**12,505**	**97.50%**

Plantation segment

Revenue from plantation segment decreased by 18.61 % following lower FFB production and lower average selling prices of CPO and PK prices as compared to the same quarter last year.

The profit before tax had decreased by 51.47% to RM5.151 million due to:-

(a) a provision of diminution in value of investment of RM2.37 million.

(b) the profitability of the milling operations had decreased following lower selling prices of CPO and PK and a writing down in the CPO inventory amounted to RM0.581 million.

The following table sets forth some of the statistics of our plantations business:

	audited	
	For the 3 months ended 31 Dec	
	2014	2013
Average CPO selling price (RM/mt)	2,192	2,498
Average PK selling price (RM/mt)	1,419	1,545
Average FFB selling price (RM/mt)	519	581
FFB production (mt)	53,902	64,913
Intake of FFB processed (mt):		
Our Group's plantation estates	21,310	23,157
Third Party plantation owners and traders	30,637	27,354
	51,947	50,511

Property development segment

During the quarter, the property development segment registered a higher turnover and profit of RM60.04 million or 205.55% and RM19.55 million or 934.23% respectively as compared to the previous year's quarter as a result of new launchings of residential units in KotaSAS and increase in the sales of trading material volumes as compared to the previous year's corresponding period. Furthermore, mining of bauxite deposits as part of property development segment which commenced in April 2014 contributed to the higher revenue and profit in the 4th Quarter 2014 by RM26.66 million and RM10.17 million respectively.

Cumulative period – year 2014 Versus year 2013

For the year ended 31 December 2014, the Group's revenue increased by 59.74% to RM388.95 million from RM243.48 million in the previous year's corresponding period.

Profit before tax increased by 57.91% to RM97.40 million in the year 2014, from RM61.68 million in the previous year's corresponding period. Similarly, the Group's total comprehensive income attributable to equity holders of the company also increased to RM53.87 million in the 12 months year 2014, from RM42.89 million in the previous year's corresponding period, an increase of 25.60%.

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013	Variance
	RM'000	RM'000	%
Revenue			
Plantation	193,596	179,514	7.84%
Property development	195,353	63,972	205.37%
Total	**388,949**	**243,486**	**59.74%**
Profit Before Tax			
Plantation	34,048	47,521	(28.35%)
Property development	63,351	14,161	347.36%
Total	**97,399**	**61,682**	**57.91%**

Plantation segment

Revenue from plantation segment increased by 7.84 % due to relatively higher CPO and PK prices for the year 2014 as compared to the same period last year.

During the year ended 31 December 2014, the profit before tax had decreased by 28.35% to RM34.05 million due to:-

(a) a provision of diminution in value of investment of RM2.37 million.

(b) the profitability of the milling operations had decreased following lower selling prices of CPO and PK and a writing down in the CPO inventory amounted to RM0.581 million.

(c) Listing expenses written off amounted to RM4.97 million.

(d) Unwinding discounts of the redeemable preference shares RM2.056 million (2013:RM1.488 million).

The following table sets forth some of the statistics of our plantations business:

	audited	
	For the 12 months ended 31 Dec	
	2014	2013
Average CPO selling price (RM/mt)	2,389	2,376
Average PK selling price (RM/mt)	1,698	1,353
Average FFB selling price (RM/mt)	543	520
FFB production (mt)	207,947	232,605
Intake of FFB processed (mt):		
Our Group's plantation estates	115,786	77,965
Third Party plantation owners and traders	109,956	80,568
	225,742	158,533

Property development segment

During the year 2014, the property development segment registered higher turnover and profit of RM195.35 million or 205.37% and RM63.35 million or 347.36% respectively as compared to the same period last year as a result of new launchings of residential units in KotaSAS and increase in the sales of trading material volumes as compared to the previous year's corresponding period. Furthermore, mining of bauxite deposits as part of property development segment which commenced in April 2014 contribute to the higher revenue and profit during the year ended 31 December 2014 by RM86.13 million and RM28.85 million respectively.

2. MATERIAL CHANGES IN QUARTERLY RESULTS IN COMPARISON WITH THE PRECEDING QUARTER

The Group posted lower profit before taxation and net profit for the current quarter ended 31 December 2014 as compared to the preceding quarter ended 30 September 2014 mainly due to:

(i) lower contribution from property development activities, including mining of bauxite minerals activities by RM5.27 million (21.24%);

(ii) lower FFB production by 8,066 metric tonnes (13.02%).

(iii) lower average CPO selling price by RM11.00 per metric tonnes (0.5%).

(iv) lower average PK selling price by RM21.00 per metric tonnes (1.46%).

(v) a provision for diminution in value of investment of RM2.37 million and a writing down in the CPO inventory of RM0.581 million.

3. PROSPECTS

We expect the performance of the plantations segment to be satisfactory. Property development segment revenue will increase in tandem with the positive outcome of new launchings.

Our Board expects the result of our group's operations for the year ending 31 December 2015 to be satisfactory.

4. PROFIT FORECASTS AND/OR PROFIT GUARANTEE

Profit forecast

There was no profit forecast issued for Tanah Makmur Group in the year under review.

Profit guarantee

The profit guarantee received by Tanah Makmur Group in the year under review is as follows:-

Our wholly-owned Subsidiary, KotaSAS Sdn Bhd ("**KotaSAS**") entered into a shareholders' agreement dated 1 April 2013 which was subsequently substituted by the amended restated shareholders' agreement dated 12 May 2014 ("**Shareholders' Agreement**") with Tanah Makmur Perkasa Sdn Bhd ("**Tanah Makmur Perkasa**") to govern the relationships of both parties as shareholders of Tanah Makmur KotaSAS Sdn Bhd ("**Tanah Makmur KotaSAS**"), the entity that carries out the development project on certain portion of all those parcels of 99-year leasehold land located in Bukit Goh, Kuantan, Pahang measuring in total approximately 1,500 acres that has yet to be developed ("**Development Project**").

Subsequently, KotaSAS and Tanah Makmur KotaSAS had entered into a development agreement dated 8 January 2014 which was subsequently substituted by the amended restated development agreement dated 12 May 2014 ("**Development Agreement**") to formalise the arrangement of the Development Project.

Tanah Makmur KotaSAS shall complete the launching of the Development Project within a period of five years only from 1 April 2013. Tanah Makmur Perkasa had demonstrated its commitment to the Development Project by granting an irrevocable guarantee to KotaSAS that the aggregate of the cost of the development land for the purpose of the Development Project and 60% of the development profit that shall be attributable to KotaSAS for five financial years commencing from 1 January 2013 until 31 December 2017 shall not be less than RM110,000,000 ("**Minimum Guarantee**"), subject to the yearly tranche below.

	2013	**2014**	**2015**	**2016**	**2017**	**Total**
Financial year ended 31 December			**RM million**			
Yearly minimum guaranteed entitlement comprising the following:						
Land cost (1)	1.21	4.20	7.90	12.46	19.00	44.77
60% of profit before tax (2)	0.91	10.10	14.42	18.97	20.83	65.23
Total	2.12	14.30	22.32	31.43	39.83	110.00

Notes:

(1) The land cost as set out in the table above is the capped amount in so far as it concerns the determination of whether the yearly minimum guaranteed entitlement is met ("**Land Cost**"). Any amount actually recognised by KotaSAS and Tanah Makmur KotaSAS as Land Cost in any financial year which is in excess of the yearly guaranteed Land Cost will be ignored and shall not be used to determine whether the yearly minimum guarantee entitlement is met.

(2) The 60% of profit before tax ("**Landowner's Portion**") as set out in the table above shall refer to the profit before tax disclosed in the audited financial statements of Tanah Makmur KotaSAS for each of the financial years. The Landowner's Portion is the minimum amount in so far as it concerns the determination of whether yearly minimum guaranteed entitlement is met. In determining whether the yearly minimum guaranteed entitlement is met, if:

(i) the Landowner's Portion in any financial year is in excess of the yearly minimum guaranteed Landowner's Portion as set out in the table above for that year; and

(ii) the Land Cost actually recognised by KotaSAS in that year is lesser than the yearly guaranteed Land Cost as set out in the table above for that year,

then, any amount in excess of the yearly minimum guaranteed Landowner's Portion for that year can be used to top up the deficiency in the Land Cost actually recognised by KotaSAS and Tanah Makmur KotaSAS in that year.

The Minimum Guarantee provided by Tanah Makmur Perkasa shall be backed by the personal guarantees of the two existing Directors and shareholders of Tanah Makmur Perkasa, namely, YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim and YH Dato' Azizan bin Jaafar, in favour of KotaSAS and shall survive the termination of the Development Agreement and Shareholders' Agreement, and the yearly minimum guaranteed entitlement for the five financial years shall continue until all guarantees thereunder are met and fully settled notwithstanding termination of the Development Agreement and Shareholders' Agreement.

A yearly update on the Minimum Guarantee will be disclosed under a sub-header within our Chairman's statement in our annual report.

The Board would like to inform that there is no shortfall in both (1) and (2) stated above for the financial year ended 31 December 2014. Moving forward for the year ending 31 December 2015, the Board expects that there will be no shortfall in both (1) and (2) as well.

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	(audited) current period 31/12/2014 RM'000	***(audited)*** Preceding year corresponding period 31/12/2013 RM'000
Depreciation / amortisation	10,009	9,349
Bad debt written off	161	-
Provision for doubtful debt	381	-
Provision for dimunition of investment	2,370	-
Property, plant & equipment written off	-	1
Inventories written down	581	151
Loss on sale of livestocks	(122)	11
Pension costs – defined benefit plan	478	469
Interest on borrowings	2,543	3,120
Interest income	(1,458)	(1,147)
Reversal of provision for tax penalty	-	(63)
Unwinding discounts of the redeemable preference shares	2,056	1,488

There is no other item to be disclosed other than those highlighted above.

6. TAXATION

	RM'000
Taxation comprises of:	
Current provision	24,349
Previous year overprovided	(34)
Effect of income/expenses not subject to tax	1,601
Deferred taxation	(918)
	24,998

The effective tax rate of the Group for the current financial year ended 31 December 2014 is higher than the Malaysian income tax rate of 25% due principally to certain expenses which are disallowed as deductions for tax purposes.

7. SALE OF PROPERTIES AND UNQUOTED INVESTMENT

There is no sale of property and unquoted investment in the current quarter save for properties sold under the property development segment.

8. QUOTED SECURITIES

There is no quoted security that matured in the current quarter.

9. FOREIGN EXCHANGE GAIN OR LOSS

The Group does not have any foreign exchange gain or loss for the current quarter and year ended 31 December 2014.

10. STATUS OF CORPORATE PROPOSALS

On 17 July 2014, the company successfully listed its entire issued and paid up capital on the Main Market of Bursa Malaysia Securities Berhad. Status of utilisation of proceeds raised from the initial public offering of RM65.175 million is as follow:

Purpose	Timeframe utilisation of proceeds	Amount of total proceeds raised (RM)	Amount of total actual utilisation (RM)
Estate development	within 24 months	28,500,000	11,267,000
Expansion of palm oil mill	within 24 months	5,000,000	-
Infrastructure work of the KotaSAS Township	within 24 months	13,000,000	-
Repayment of bank borrowings	within 6 months	13,075,000	13,075,000
Listing expenses	within 6 months	5,600,000	5,600,000
Total gross proceeds		**65,175,000**	**29,942,000**

There is no pending corporate proposal as at the date of this report.

11. GROUP BORROWINGS

Loans and borrowings as at 31 December 2014 comprise of:

		Amount **RM'000**
11.1	***Current loans and borrowings***	
	Bai Bithaman Ajil	-
	Business Financing-i (plantation)	140
	Bai BithamanAjil Term Financing-i	941
	Business Financing-i (property)	4,397
	Obligations under finance leases	430
		5,908
11.2	***Non-current loans and borrowings***	
	Bai Bithaman Ajil	-
	Business Financing-i (plantation)	9,786
	Bai BithamanAjil Term Financing-i	6,300
	Business Financing-i (property)	19,164
	Obligations under finance leases	975
		36,225
	Total loans and borrowings	**42,133**

11.3 ***Total loans and borrowings***

Secured:	
Bai Bithaman Ajil	-
Business Financing-i (plantation)	9,926
Bai BithamanAjil Term Financing-i	7,241
Bai Bithaman Ajil (property)	23,561
Obligation under finance leases	1,405
Total secured loan and borrowings	**42,133**
Unsecured:	
Article 2A RPS	-
Total unsecured loans and borrowings	-
Total loans and borrowings	**42,133**

The Islamic borrowings are secured by way of first legal charge over the leasehold land, and bear profit rates of Base Finance Rate (BFR) + 1% to 1.75% per annum, while the hire purchase bear interest rates ranged from 2.34% to 5.00% per annum.

The Group does not have any borrowings in foreign currency.

12. OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not enter into any contracts involving off-balance sheet financial instruments in the year under review.

13. MATERIAL LITIGATION

There is no litigation that have any material effect on the net tangible assets or operations of the Group.

14. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the owners of the Company by the weighted average number of ordinary shares in issue during the year:-

	Current quarter		**Cumulative quarter**	
	(audited)	*(audited)*	*(audited)*	*(audited)*
	3 months ended		**12 months ended**	
	31/12/2014	**31/12/2013**	**31/12/2014**	**31/12/2013**
Profit for the year attributable to equity holders of the Company (RM'000)	14,792	10,207	53,872	42,891
Weighted average number of ordinary shares in issue ('000)	372,090	346,020*	372,090	346,020*
Basic EPS attributable to equity holders of the Company (sen)	3.98	2.95	14.48	12.40

***Note: adjusted for subdivision of shares to RM0.50 each retrospectively as per Paragraph B10 as at 31 December 2013 for comparative purposes.**

(b) Diluted EPS

There was no diluting factor to EPS for the current quarter and the figure is the same as basic EPS.

15. RETAINED EARNINGS

The retained earnings as at the end of the reporting year are analysed as follow:

	As At 31/12/2014 RM'000	As At 31/12/2013 RM'000
Total retained earnings of the Group		
- Realised	146,434	116,344
- Unrealised	28,730	29,538
	175,164	**145,882**

16. PLANTATION STATISTICS

	As at 31 December 2014	As at 31 December 2013
(a) Planted areas (hectares)		
Oil palm - past prime (> 25 years)	-	809
- old mature (19 - 25 years)	2,597	1,914
- prime mature (14 - 18 years)	1,927	1,688
- prime mature (9 - 13 years)	3,202	4,220
- young mature (4 - 8 years)	2,699	2,160
	10,425	10,791
- immature	4,939	5,067
	15,364	15,858

	Year ended 31 December 2014	Year ended 31 December 2013
(b) Crop Production (MT)		
FFB	207,947	232,605
(c) Average Selling Prices (RM per MT)		
CPO	2,389	2,376
PK	1,698	1,353
FFB	543	520

By order of the Board
TANAH MAKMUR BERHAD

SUZILAH BT. HAJI WAHID / TEH FOO HOCK
Company Secretaries
Dated this: 26 February 2015