



**TANAH MAKMUR BERHAD (841938-U)**

**Quarterly Report on Consolidated Results for the  
First Quarter Ended 31.03.2015**



**TANAH MAKMUR BERHAD (841938-U)**

**Condensed Consolidated Statement of Comprehensive Income**

	<u>Current quarter</u>		<u>Cumulative quarter</u>	
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	81,813	91,828	81,813	91,828
Other income	977	276	977	276
	82,790	92,104	82,790	92,104
Operational costs	(55,962)	(73,145)	(55,962)	(73,145)
Depreciation and amortisation	(2,598)	(2,150)	(2,598)	(2,150)
Profit from operations	24,230	16,809	24,230	16,809
<i>Finance costs</i>	<i>(631)</i>	<i>(530)</i>	<i>(631)</i>	<i>(530)</i>
Profit before taxation	23,599	16,279	23,599	16,279
Taxation	(5,065)	(3,043)	(5,065)	(3,043)
Profit for the period	18,534	13,236	18,534	13,236
<b>Other comprehensive income :</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>18,534</b>	<b>13,236</b>	<b>18,534</b>	<b>13,236</b>
<i>Profit attributable to:</i>				
Equity holders of the company	13,142	12,087	13,142	12,087
Non-controlling interests	5,392	1,149	5,392	1,149
	18,534	13,236	18,534	13,236
<i>Total comprehensive income attributable to:</i>				
Equity holders of the company	13,142	12,087	13,142	12,087
Non-controlling interests	5,392	1,149	5,392	1,149
	18,534	13,236	18,534	13,236
<b>Earnings per share attributable to equity holders of the company (sen):</b>				
Basic (Note B14)	3.30	3.50	3.30	3.50

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 2014.



**TANAH MAKMUR BERHAD (841938-U)**

**Condensed Consolidated Statement of Financial Position**

	<i>(unaudited)</i>	<i>(audited)</i>
	As at 31/03/2015	As at 31/12/2014
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	149,728	148,880
Biological assets	96,620	92,461
Land use rights	39,178	39,322
Land held for property development	28,086	28,123
Other investment	5	5
	<b>313,617</b>	<b>308,791</b>
<b>Current assets</b>		
Property development costs	88,571	86,787
Inventories	19,014	15,514
Trade and other receivables	50,005	31,261
Other current assets	20,668	24,793
Marketable securities	2,183	2,183
Tax recoverable	3,204	2,303
Cash and bank balances	117,494	111,239
	<b>301,139</b>	<b>274,080</b>
<b>TOTAL ASSETS</b>	<b>614,756</b>	<b>582,871</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	199,080	199,080
Reserves	232,078	218,936
	<b>431,158</b>	<b>418,016</b>
<b>Non-controlling interests</b>	27,690	22,298
<b>Total equity</b>	<b>458,848</b>	<b>440,314</b>
<b>Non-current liabilities</b>		
Loans and borrowings	43,237	35,899
Staff benefit liabilities	3,671	3,795
Deferred tax liabilities	28,383	28,730
	<b>75,291</b>	<b>68,424</b>
<b>Current liabilities</b>		
Loans and borrowings	7,682	6,234
Trade and other payables	56,552	52,205
Dividend payable	-	-
Other current liabilities	14,077	14,269
Tax payable	2,306	1,425
	<b>80,617</b>	<b>74,133</b>
<b>TOTAL LIABILITIES</b>	<b>155,908</b>	<b>142,557</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>614,756</b>	<b>582,871</b>
Net assets per share attributable to equity holders of the Company (RM)	1.08	1.04*

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014.



**TANAH MAKMUR BERHAD (841938-U)**

**Condensed Consolidated Statements of Changes in Equity  
for the period ended 31/03/2015**

	<-----Non-distributable----->				<Distributable>		Non-controlling interests	TOTAL EQUITY
	Share capital	Share premium	Capital redemption reserves	Other Reserve	Retained profit	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 1.1.2015</b>	<b>199,080</b>	<b>38,478</b>	<b>1,750</b>	<b>3,544</b>	<b>175,164</b>	<b>418,016</b>	<b>22,298</b>	<b>440,314</b>
Total comprehensive income	-	-	-	-	13,142	13,142	5,392	18,534
Transfer to capital reserve	-	-	-	-	-	-	-	-
New issue of shares	-	-	-	-	-	-	-	-
Listing expenses	-	-	-	-	-	-	-	-
Dividend paid to minority interest	-	-	-	-	-	-	-	-
Issue of ordinary shares by subsidiary	-	-	-	-	-	-	-	-
Dividend (A8)	-	-	-	-	-	-	-	-
<b>At 31.03.2015</b>	<b>199,080</b>	<b>38,478</b>	<b>1,750</b>	<b>3,544</b>	<b>188,306</b>	<b>431,158</b>	<b>27,690</b>	<b>458,848</b>

	<-----Non-distributable----->				<Distributable>		Non-controlling interests	TOTAL EQUITY
	Share capital	Share premium	Capital redemption reserves	Other reserve	Retained profit	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 1.1.2014</b>	<b>173,010</b>	<b>-</b>	<b>1,050</b>	<b>3,544</b>	<b>145,882</b>	<b>323,486</b>	<b>16,150</b>	<b>339,636</b>
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)
Issue of ordinary shares by subsidiaries	-	-	-	-	-	-	294	294
Dilution/(accretion) on change in stake	-	-	-	-	-	-	-	-
Dividend paid to minority interest	-	-	-	-	-	-	(12,675)	(12,675)
Dividend	-	-	-	-	(23,890)	(23,890)	-	(23,890)
<b>At 31.12.2014</b>	<b>199,080</b>	<b>38,478</b>	<b>1,750</b>	<b>3,544</b>	<b>175,164</b>	<b>418,016</b>	<b>22,298</b>	<b>440,314</b>

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014.



**TANAH MAKMUR BERHAD (841938-U)**

**Condensed Consolidated Statement of Cash Flow  
For the 3 Months Period Ended 31 March 2015**

	<i>(unaudited)</i> 31/03/2015 RM'000	<i>(unaudited)</i> 31/03/2014 RM'000
<b>OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>23,599</b>	<b>16,279</b>
<b><u>Adjustments for :</u></b>		
Depreciation / amortisation	2,598	2,150
Gain on disposal of property plant and equipment	(32)	-
Inventories written down	502	-
Loss on sale of livestock	6	-
Pension costs - defined benefit plan	(124)	-
Interest expense	631	530
Interest income	(519)	(119)
<b>Total adjustments</b>	<b>3,062</b>	<b>2,561</b>
<b>Operating profit before changes in working capital</b>	<b>26,661</b>	<b>18,840</b>
<b><u>Changes in working capital :</u></b>		
- Property development costs and land held for development	(1,747)	(8,009)
- Trade and other receivables	(13,734)	(7,020)
- Inventories	(4,002)	2,598
- Trade and other payables	3,263	5,545
<b>Total changes in working capital</b>	<b>(16,220)</b>	<b>(6,886)</b>
<b>Cash generated from operations</b>	<b>10,441</b>	<b>11,954</b>
Interest paid	(631)	(530)
Income taxes paid	(5,655)	(3,553)
Income tax refund	144	56
<b>Net cash flows from operating activities</b>	<b>4,299</b>	<b>7,927</b>



**TANAH MAKMUR BERHAD (841938-U)**

**Condensed Consolidated Statement of Cash Flow  
For the 3 Months Period Ended 31 March 2015**

	<i>(unaudited)</i> 31/03/2015 RM'000	<i>(unaudited)</i> 31/03/2014 RM'000
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,286)	(884)
Purchase of biological assets	(5,136)	(2,617)
Proceeds from sales of livestock	132	-
Purchase of livestock	(58)	-
Interest income received	519	119
<b>Net cash used in investing activities</b>	<b>(6,829)</b>	<b>(3,382)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	10,000	-
Repayment of borrowings	(1,215)	(1,567)
<b>Net cash used in financing activities</b>	<b>8,785</b>	<b>(1,567)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase / (decrease)	6,255	2,978
At beginning of year	111,239	46,931
<b>At end of period</b>	<b>117,494</b>	<b>49,909</b>

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014.



## TANAH MAKMUR BERHAD (841938-U)

### 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 2014. 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 2014.

#### (2) Significant Accounting Policies

The significant accounting policies are consistent with those adopted in the audited financial statements for year ended 31 December 2014, 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: <i>Offsetting Financial Assets And Financial Liabilities</i>	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: <i>Investment Entities</i>	1 January 2014
Amendments to FRS 136: <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 139: <i>Novation of Derivatives And Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to FRS 119: <i>Defined Benefit Plans: Employee Contributions</i>	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: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 10 and FRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 11: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 127: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 101 : <i>Disclosure Initiatives</i>	1 January 2016



## TANAH MAKMUR BERHAD (841938-U)

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





**TANAH MAKMUR BERHAD (841938-U)**

**(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**

No dividend was paid in the quarter under review.

**(9) Segmental Information**

Segmental information is presented in respect of the Group's business segments. The reportable segments for the current financial period 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.

	<b>PLANTATION</b>	<b>PROPERTY DEVELOPMENT</b>	<b>GROUP</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>3 months ended</b>			
<b>31 March 2015</b>			
<b>Revenue</b>			
Total revenue	38,969	51,518	90,487
Less : Inter-segment revenue	(6,002)	(2,672)	(8,674)
External revenue	<u>32,967</u>	<u>48,846</u>	<u>81,813</u>
Segment result (external)	6,323	17,276	<u>23,599</u>
Profit before tax			<u>23,599</u>
<b>3 months ended</b>			
<b>31 March 2014</b>			
<b>Revenue</b>			
Total revenue	68,589	23,239	91,828
Less : Inter-segment revenue	-	-	-
External revenue	<u>68,589</u>	<u>23,239</u>	<u>91,828</u>
Segment result (external)	12,262	4,017	<u>16,279</u>
Profit before tax			<u>16,279</u>



**TANAH MAKMUR BERHAD (841938-U)**

	<b>PLANTATION</b>	<b>PROPERTY DEVELOPMENT</b>	<b>GROUP</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cumulative 3 months ended</b>			
<b>31 March 2015</b>			
<b>Revenue</b>			
Total revenue	38,969	51,518	90,487
Less : Inter-segment revenue	(6,002)	(2,672)	(8,674)
External revenue	<u>32,967</u>	<u>48,846</u>	<u>81,813</u>
Segment result (external)	6,323	17,276	<u>23,599</u>
Profit before tax			<u>23,599</u>
<b>Cumulative 3 months ended</b>			
<b>31 March 2014</b>			
<b>Revenue</b>			
Total revenue	68,589	23,239	91,828
Less : Inter-segment revenue	-	-	-
External revenue	<u>68,589</u>	<u>23,239</u>	<u>91,828</u>
Segment result (external)	12,262	4,017	<u>16,279</u>
Profit before tax			<u>16,279</u>

**(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 2014. 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 March 2015 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.



**TANAH MAKMUR BERHAD (841938-U)**

**(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 March 2015 is as follow:

	<b>As at 31/03/2015 RM'000</b>
<b>Property, plant and equipment:</b>	
- Authorised but not contracted	32,115
- Contracted but not provided in the financial statements	-
	<b>32,115</b>
<b>Biological asset:</b>	
- Authorised but not contracted	22,323
- Contracted but not provided in the financial statements	-
	<b>22,323</b>



**TANAH MAKMUR BERHAD (841938-U)**

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

**1. REVIEW OF PERFORMANCE**

**Current quarter – Q1 2015 Versus Q1 2014**

For the 1<sup>st</sup> quarter ended 31 March 2015, the Group’s revenue decreased by 10.91% to RM81.81 million from RM91.83 million in the previous year’s corresponding period.

Profit before tax increased by 44.97% to RM23.60 million in the 1<sup>st</sup> Quarter of 2015, from RM16.28 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 RM13.14 million in the 1<sup>st</sup> Quarter 2015, from RM12.08 million in the previous year’s corresponding period, an increase of 8.78%.

	<b>Q1-2015</b>	<b>Q1-2014</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Revenue</b>			
Plantation	32,967	68,589	(51.94%)
Property development	48,846	23,239	110.19%
<b>Total</b>	<b>81,813</b>	<b>91,828</b>	<b>(10.91%)</b>
<b>Profit Before Tax</b>			
Plantation	6,323	12,262	(48.44%)
Property development	17,276	4,017	330.08%
<b>Total</b>	<b>23,599</b>	<b>16,279</b>	<b>44.97%</b>

**Plantation segment**

Revenue from plantation segment decreased by 51.94 % following lower FFB production and lower average selling prices of CPO and PK as compared to the same quarter last year.

The profit before tax had decreased by 48.44% to RM6.32 million due to:-

- (a) lower FFB production due to unfavourable weather conditions;
- (b) lower average CPO and PK price per metric tonne by RM412.00 and RM214.00 respectively;
- (c) lower FFB processed; and
- (d) 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 RM0.502 million.

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

	unaudited	
	For the 3 months ended 31 March	
	2015	2014
Average CPO selling price (RM/mt)	2,269	2,681
Average PK selling price (RM/mt)	1,847	2,061
Average FFB selling price (RM/mt)	554	648
FFB production (mt)	37,495	42,643
Intake of FFB processed (mt):		
Our Group’s plantation estates	11,437	29,596
Third Party plantation owners and traders	24,835	23,940
	<u>36,272</u>	<u>53,536</u>



## TANAH MAKMUR BERHAD (841938-U)

### Property development segment

During the quarter, the property development segment registered a higher turnover and profit of RM48.85 million or 110.19% and RM17.28 million or 330.08% respectively as compared to the previous year's quarter as a result of new launchings of residential units in KotaSAS 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 1st Quarter 2015 by RM21.65 million and RM8.29 million respectively.

### **Cumulative period – 3 months 2015 Versus 3 months 2014**

For the 3 months period ended 31 March 2015, the Group's revenue decreased by 10.91% to RM81.81 million from RM91.83 million in the previous year's corresponding period.

Profit before tax increased by 44.97% to RM23.60 million in the 3 months year 2015, from RM16.28 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 RM13.14 million in the 3 months year 2015, from RM12.08 million in the previous year's corresponding period, an increase of 8.78%.

	<b>3 months ended 31 Mar 2015</b>	<b>3 months ended 31 Mar 2014</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Revenue</b>			
Plantation	32,967	68,589	(51.94%)
Property development	48,846	23,239	110.19%
<b>Total</b>	<b>81,813</b>	<b>91,828</b>	<b>(10.91%)</b>
<b>Profit Before Tax</b>			
Plantation	6,323	12,262	(48.44%)
Property development	17,276	4,017	330.08%
<b>Total</b>	<b>23,599</b>	<b>16,279</b>	<b>44.97%</b>

### Plantation segment

Revenue from plantation segment decreased by 51.94 % following lower FFB production and lower average selling prices of CPO and PK for the 3 months year 2015 as compared to the same period last year.

During the 3 months period ended 31 March 2015, the profit before tax had decreased by 48.44% to RM6.32 million due to:-

- lower FFB production due to unfavourable weather conditions;
- lower average CPO and PK price per metric tonne by RM412.00 and RM214.00 respectively;
- lower FFB processed; and
- 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 RM0.502 million.



## TANAH MAKMUR BERHAD (841938-U)

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

	unaudited	
	For the 3 months ended 31 Mar	
	2015	2014
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Average FFB selling price (RM/mt)	554	648
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Intake of FFB processed (mt):		
Our Group's plantation estates	11,437	29,596
Third Party plantation owners and traders	24,835	23,940
	<u>36,272</u>	<u>53,536</u>

### Property development segment

During the 3 months year 2015, the property development segment registered a higher turnover and profit of RM48.85 million or 110.19% and RM17.28 million or 330.08% respectively as compared to the same period last year as a result of new launchings of residential units in KotaSAS 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 3 months period ended 31 March 2015 by RM21.65 million and RM8.29 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 March 2015 as compared to the preceding quarter ended 31 December 2014 mainly due to:

- (i) lower contribution from property development activities, including mining of bauxite minerals activities by RM11.19 million (18.65%);
- (ii) lower FFB production due to unfavourable weather conditions; and
- (iii) lower FFB processed.

## 3. PROSPECTS

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

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



## TANAH MAKMUR BERHAD (841938-U)

### 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.

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

#### **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.



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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' Sri 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.

For the year ending 31 December 2015, the Board expects that there will be no shortfall in both (1) and (2).

### 5. PROFIT BEFORE TAX

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

	<i>(unaudited)</i>	<i>(unaudited)</i>
	<b>current period</b>	<b>Preceding year</b>
	<b>31/03/2015</b>	<b>corresponding</b>
	<b>RM'000</b>	<b>period</b>
		<b>31/03/2014</b>
		<b>RM'000</b>
Depreciation / amortisation	2,598	2,150
Gain on disposal property, plant and equipment	(32)	-
Inventories written down	502	-
Loss on sale of livestock	6	-
Pension costs – defined benefit plan	(124)	-
Interest on borrowings	631	530
Interest income	(519)	(119)
	<hr/>	<hr/>

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

### 6. TAXATION

	<b>RM'000</b>
<b>Taxation comprises of:</b>	
Current provision	5,412
Previous year overprovided	-
Effect of income/expenses not subject to tax	-
Deferred taxation	(347)
	<hr/>
At end of period	5,065
	<hr/>

The effective tax rate of the Group for the current financial year ended 31 March 2015 is lower than the Malaysian income tax rate of 25% due principally to the non-taxable income.

### 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.





## TANAH MAKMUR BERHAD (841938-U)

### 9. FOREIGN EXCHANGE GAIN OR LOSS

The Group does not have any foreign exchange gain or loss for the current quarter ended 31 March 2015.

### 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:

<b>Purpose</b>	<b>Timeframe utilisation of proceeds</b>	<b>Amount of total proceeds raised (RM)</b>	<b>Amount of total actual utilisation (RM)</b>
Estate development	within 24 months	28,500,000	16,007,500
Expansion of palm oil mill	within 24 months	5,000,000	1,295,575
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
<b>Total gross proceeds</b>		<b>65,175,000</b>	<b>35,978,075</b>

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

### 11. GROUP BORROWINGS

Loans and borrowings as at 31 March 2015 comprise of:

	<b><u>Amount</u></b> <b>RM'000</b>
<b>11.1 <i>Current loans and borrowings</i></b>	
Business Financing-i (plantation)	2,314
Bai BithamanAjil Term Financing-i	580
Business Financing-i (property)	4,433
Term Loan-Cash Line Term Financing-i	-
Obligations under finance leases	355
	<b>7,682</b>
<b>11.2 <i>Non-current loans and borrowings</i></b>	
Business Financing-i (plantation)	7,322
Bai BithamanAjil Term Financing-i	6,661
Business Financing-i (property)	18,390
Term Loan-Cash Line Term Financing-i	10,000
Obligations under finance leases	864
	<b>43,237</b>
<b>Total loans and borrowings</b>	<b>50,919</b>
<b>11.3 <i>Total loans and borrowings</i></b>	
<b><i>Secured:</i></b>	
Business Financing-i (plantation)	9,636
Bai BithamanAjil Term Financing-i	7,241
Bai Bithaman Ajil (property)	22,823
Term Loan-Cash Line Term Financing-i	10,000
Obligation under finance leases	1,219
<b>Total secured loan and borrowings</b>	<b>50,919</b>



**TANAH MAKMUR BERHAD (841938-U)**

Unsecured:

Article 2A RPS	-
<b>Total unsecured loans and borrowings</b>	<b>-</b>
<b>Total loans and borrowings</b>	<b><u>50,919</u></b>

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. DIVIDEND**

**For the financial year ending 31 December 2015.**

On 27 April 2015, the Company had announced a single tier interim dividend of six (6) sen per share to be payable on 29 May 2015 to the entitled shareholders whose names appear on the record of depositor on 13 May 2015.

**15. 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	
	( <i>unaudited</i> ) 3 months ended 31/03/2015	( <i>unaudited</i> ) 3 months ended 31/03/2014	( <i>unaudited</i> ) 3 months ended 31/03/2015	( <i>unaudited</i> ) 3 months ended 31/03/2014
Profit for the year attributable to equity holders				
of the Company (RM'000)	13,142	12,087	13,142	12,087
Weighted average number of ordinary shares in issue ('000)	398,160	346,020*	398,160	346,020*
Basic EPS attributable to equity holders of				
the Company (sen)	3.30	3.50	3.30	3.50

**\*Note: adjusted for subdivision of shares to RM0.50 each retrospectively as per Paragraph B10 as at 31 December 2014 for comparative purposes.**

