



TANAH MAKMUR BERHAD (841938-U)

**Quarterly Report on Consolidated Results for the
Second Quarter Ended 30.06.2015**



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>3 months ended</i>		<i>6 months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	101,398	81,309	183,211	173,137
Other income	1,142	487	2,119	763
	102,540	81,796	185,330	173,900
Operational costs	(75,905)	(52,473)	(131,867)	(125,618)
Depreciation and amortisation	(2,659)	(2,943)	(5,257)	(5,093)
Profit from operations	23,976	26,380	48,206	43,189
<i>Finance costs</i>	<i>(613)</i>	<i>(2,593)</i>	<i>(1,244)</i>	<i>(3,123)</i>
Profit before taxation	23,363	23,787	46,962	40,066
Taxation	(5,812)	(7,126)	(10,877)	(10,169)
Profit for the period	17,551	16,661	36,085	29,897
Other comprehensive income :	-	-	-	-
Total comprehensive income for the year	17,551	16,661	36,085	29,897
<i>Profit attributable to:</i>				
Equity holders of the company	13,248	12,546	26,390	24,633
Non-controlling interests	4,303	4,115	9,695	5,264
	17,551	16,661	36,085	29,897
<i>Total comprehensive income attributable to:</i>				
Equity holders of the company	13,248	12,546	26,390	24,633
Non-controlling interests	4,303	4,115	9,695	5,264
	17,551	16,661	36,085	29,897
Earnings per share attributable to equity holders of the company (sen):				
Basic (Note B14)	3.30	3.60	6.60	7.10

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 30/06/2015	As at 31/12/2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	150,459	148,880
Biological assets	103,446	92,461
Land use rights	39,035	39,322
Land held for property development	27,974	28,123
Other investment	5	5
	320,919	308,791
Current assets		
Property development costs	91,375	86,787
Inventories	19,150	15,514
Trade and other receivables	51,581	31,261
Other current assets	16,699	24,793
Marketable securities	2,183	2,183
GST Recoverable	185	-
Tax recoverable	2,874	2,303
Cash and bank balances	94,720	111,239
	278,767	274,080
TOTAL ASSETS	599,686	582,871
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	199,080	199,080
Reserves	221,436	218,936
	420,516	418,016
Non-controlling interests	27,967	22,298
Total equity	448,483	440,314
Non-current liabilities		
Loans and borrowings	43,967	35,899
Staff benefit liabilities	3,588	3,795
Deferred tax liabilities	27,908	28,730
	75,463	68,424
Current liabilities		
Loans and borrowings	5,999	6,234
Trade and other payables	56,398	52,205
Other current liabilities	11,084	14,269
Tax payable	2,259	1,425
	75,740	74,133
TOTAL LIABILITIES	151,203	142,557
TOTAL EQUITY AND LIABILITIES	599,686	582,871
Net assets per share attributable to equity holders of the Company (RM)	1.06	1.05*

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 30/06/2015**

	<-----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		
At 1.1.2015	199,080	38,478	1,750	3,544	175,164	418,016	22,298	440,314
Total comprehensive income	-	-	-	-	26,390	26,390	9,695	36,085
Transfer to capital reserve	-	-	-	-	-	-	-	-
New issue of shares	-	-	-	-	-	-	-	-
Listing expenses	-	-	-	-	-	-	-	-
Dividend paid to minority interest	-	-	-	-	-	-	(4,026)	(4,026)
Issue of ordinary shares by subsidiary	-	-	-	-	-	-	-	-
Dividend (A8)	-	-	-	-	(23,890)	(23,890)	-	(23,890)
At 30.06.2015	199,080	38,478	1,750	3,544	177,664	420,516	27,967	448,483

	<-----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		
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)
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)
At 31.12.2014	199,080	38,478	1,750	3,544	175,164	418,016	22,298	440,314

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 6 Months Period Ended 30 June 2015**

	<i>(unaudited)</i> 30/06/2015 RM'000	<i>(unaudited)</i> 30/06/2014 RM'000
OPERATING ACTIVITIES		
Profit before tax	46,962	40,066
<u>Adjustments for :</u>		
Depreciation / amortisation	5,257	5,093
Gain on disposal of property plant and equipment	(189)	-
Property, plant & equipment written off	25	-
Inventories written down	53	-
Loss on sale of livestock	34	40
Pension costs - defined benefit plan	(206)	-
Interest expense	1,244	1,067
Interest income	(1,355)	(401)
Unwinding discounts of the redeemable preference shares	-	2,056
Bad debts written off	-	161
Provision for doubtful debt	-	246
Total adjustments	4,863	8,262
Operating profit before changes in working capital	51,825	48,328
<u>Changes in working capital :</u>		
- Property development costs and land held for development	(4,080)	(2,323)
- Trade and other receivables	(10,702)	(35,905)
- Inventories	(3,689)	4,151
- Trade and other payables	(1,007)	20,762
Total changes in working capital	(19,478)	(13,315)
Cash generated from operations	32,347	35,013
Interest paid	(1,244)	(1,067)
Income taxes paid	(11,363)	(7,628)
Income tax refund	144	-
Net cash flows from operating activities	19,884	26,318



TANAH MAKMUR BERHAD (841938-U)

**Condensed Consolidated Statement of Cash Flow
For the 6 Months Period Ended 30 June 2015**

	<i>(unaudited)</i> 30/06/2015 RM'000	<i>(unaudited)</i> 30/06/2014 RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,239)	(2,435)
Purchase of biological assets	(12,869)	(5,397)
Proceeds from sales of livestock	143	64
Purchase of livestock	(86)	(29)
Interest income received	1,355	401
Net cash used in investing activities	(15,696)	(7,396)
FINANCING ACTIVITIES		
Proceeds from borrowings	10,000	25,000
Repayment of borrowings	(2,791)	(21,056)
Repayment of redeemable preference shares	-	(7,000)
Dividends paid to equity holders of the company	(23,890)	-
Dividend paid to non-controlling interest	(4,026)	(432)
Net cash used in financing activities	(20,707)	(3,488)
CASH AND CASH EQUIVALENTS		
Net increase / (decrease)	(16,519)	15,434
At beginning of year	111,239	46,931
At end of period	94,720	62,365

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 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 period under review.

(6) Changes in Estimates

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

Dividend paid in the quarter under review is as disclosed in **Note B14**.

(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.

	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
3 months ended			
30 June 2015			
Revenue			
Total revenue	65,104	48,004	113,108
Less : Inter-segment revenue	(7,795)	(3,915)	(11,710)
External revenue	<u>57,309</u>	<u>44,089</u>	<u>101,398</u>
Segment result (external)	6,779	16,584	<u>23,363</u>
Profit before tax			<u>23,363</u>
3 months ended			
30 June 2014			
Revenue			
Total revenue	69,672	53,596	123,268
Less : Inter-segment revenue	(35,053)	(6,906)	(41,959)
External revenue	<u>34,619</u>	<u>46,690</u>	<u>81,309</u>
Segment result (external)	8,817	14,970	<u>23,787</u>
Profit before tax			<u>23,787</u>



TANAH MAKMUR BERHAD (841938-U)

	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
Cumulative 6 months ended			
30 June 2015			
Revenue			
Total revenue	104,073	99,522	203,595
Less : Inter-segment revenue	(13,797)	(6,587)	(20,384)
External revenue	<u>90,276</u>	<u>92,935</u>	<u>183,211</u>
Segment result (external)	13,102	33,860	<u>46,962</u>
Profit before tax			<u>46,962</u>
Cumulative 6 months ended			
30 June 2014			
Revenue			
Total revenue	138,260	76,836	215,096
Less : Inter-segment revenue	(35,053)	(6,906)	(41,959)
External revenue	<u>103,207</u>	<u>69,930</u>	<u>173,137</u>
Segment result (external)	21,079	18,987	<u>40,066</u>
Profit before tax			<u>40,066</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.

(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 30 June 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 30 June 2015 is as follow:

	As at 30/06/2015 RM'000
Property, plant and equipment:	
- Authorised but not contracted	25,737
- Contracted but not provided in the financial statements	-
	25,737
Biological asset:	
- Authorised but not contracted	14,566
- Contracted but not provided in the financial statements	-
	14,566



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 – Q2 2015 Versus Q2 2014

For the 2nd quarter ended 30 June 2015, the Group's revenue increased by 24.70% to RM101.40 million from RM81.31 million in the previous year's corresponding period.

Profit before tax decreased by 1.80% to RM23.36 million in the 2nd Quarter of 2015, from RM23.79 million in the previous year's corresponding period. The Group's total comprehensive income attributable to equity holders of the company increased to RM13.25 million in the 2nd Quarter 2015, from RM12.55 million in the previous year's corresponding period, an increase of 5.60%.

	Q2-2015	Q2-2014	Variance
	RM'000	RM'000	%
Revenue			
Plantation	57,309	34,619	65.50%
Property development	44,089	46,690	(5.60%)
Total	101,398	81,309	24.70%
Profit Before Tax			
Plantation	6,779	8,817	(23.10%)
Property development	16,584	14,970	10.80%
Total	23,363	23,787	(1.80%)

Plantation segment

Revenue from plantation segment increased by 65.50 % following higher FFB production which had offset the impact of lower average selling prices of CPO and PK as compared to the same quarter last year.

The profit before tax had decreased by 23.10% to RM6.78 million due to:-

- (a) lower average CPO and PK price per metric tonne by RM378.00 and RM437.00 respectively and;
- (b) loss from the milling operations following lower quality FFB processed which resulted to lower extraction rates achieved, lower selling prices of CPO and PK and a writing down in the CPO inventory amounted to RM53,000.

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

	unaudited	
	For the 3 months ended 30 June	
	2015	2014
Average CPO selling price (RM/mt)	2,199	2,577
Average PK selling price (RM/mt)	1,567	2,004
Average FFB selling price (RM/mt)	525	624
FFB production (mt)	53,251	49,434
Intake of FFB processed (mt):		
Our Group's plantation estates	17,303	32,431
Third Party plantation owners and traders	52,831	27,751
	70,134	60,182



TANAH MAKMUR BERHAD (841938-U)

Property development segment

During the quarter, the property development segment registered a lower turnover of RM44.09 million or 5.60%. However, the property development segment registered a higher profit before tax of RM16.58 million or 10.80% as compared to the previous year's quarter as a result of new launchings of residential units in KotaSAS which has a higher margin as compared to the previous year's corresponding period. Furthermore, mining of bauxite deposits as part of property development segment had contributed to the higher revenue and profit in the 2nd.Quarter 2015 by RM29.61 million and RM10.67 million respectively.

Cumulative period – 6 months 2015 Versus 6 months 2014

For the 6 months period ended 30 June 2015, the Group's revenue increased by 5.80% to RM183.21 million from RM173.14 million in the previous year's corresponding period.

Profit before tax increased by 17.20% to RM46.96 million in the 6 months year 2015, from RM40.07 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 RM26.39 million in the 6 months year 2015, from RM24.63 million in the previous year's corresponding period, an increase of 7.10%.

	6 months ended 30 Jun 2015	6 months ended 30 Jun 2014	Variance
	RM'000	RM'000	%
Revenue			
Plantation	90,276	103,207	(12.50%)
Property development	92,935	69,930	32.90%
Total	183,211	173,137	5.80%
Profit Before Tax			
Plantation	13,102	21,079	(37.80%)
Property development	33,860	18,987	78.30%
Total	46,962	40,066	17.20%

Plantation segment

Revenue from plantation segment decreased by 12.50 % following lower FFB production and lower average selling prices of CPO and PK for the 6 months year 2015 as compared to the same period last year.

During the 6 months period ended 30 June 2015, the profit before tax had decreased by 37.80% to RM13.10 million due to:-

- lower FFB production due to unfavourable weather conditions;
- lower average CPO and PK price per metric tonne by RM399.00 and RM348.00 respectively;
- lower FFB processed; and
- loss from the milling operations following lower quality of FFB processed which resulted to lower extraction rates achieved, lower selling prices of CPO and PK and a writing down in the CPO inventory amounted to RM53,000.



TANAH MAKMUR BERHAD (841938-U)

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

	unaudited	
	For the 6 months ended 30 June	
	2015	2014
Average CPO selling price (RM/mt)	2,228	2,627
Average PK selling price (RM/mt)	1,683	2,031
Average FFB selling price (RM/mt)	537	635
FFB production (mt)	90,745	92,078
Intake of FFB processed (mt):		
Our Group's plantation estates	28,740	62,027
Third Party plantation owners and traders	77,666	51,691
	<u>106,406</u>	<u>113,718</u>

Property development segment

During the 6 months year 2015, the property development segment registered a higher turnover and profit of RM92.93 million or 32.90% and RM33.86 million or 78.30% respectively as compared to the same period last year as a result of new launchings of residential units in KotaSAS which has a higher margin as compared to the previous year's corresponding period. Furthermore, mining of bauxite deposits as part of property development segment had contributed to the higher revenue and profit during the 6 months period ended 30 June 2015 by RM51.25 million and RM18.96 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 30 June 2015 as compared to the preceding quarter ended 31 March 2015 mainly due to:

- (i) lower contribution from property development activities, including mining of bauxite minerals activities by RM0.69 million (4.00%);
- (ii) lower average CPO selling price (RM/mt) by RM70.00 (3.10%); and
- (iii) lower average PK selling price (RM/mt) by RM280.00 (15.20%).

3. PROSPECTS

We expect the performance of the plantations segment to be satisfactory buoyed by better FFB production however affected by weak CPO prices. Property development segment revenue will increase in tandem with the timing and 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.

Financial year ended 31 December	2013	2014	2015	2016	2017	Total
	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.



TANAH MAKMUR BERHAD (841938-U)

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> current period 30/06/2015 RM'000	<i>(unaudited)</i> Preceding year corresponding period 30/06/2014 RM'000
Depreciation / amortisation	5,257	5,093
Gain on disposal property, plant and equipment	(189)	-
Property, plant & equipment written off	25	-
Inventories written down	53	-
Loss on sale of livestock	34	40
Pension costs – defined benefit plan	(206)	-
Interest on borrowings	1,244	1,067
Interest income	(1,355)	(401)
Unwinding discounts of the redeemable preference shares	-	2,056
Bad debts written off	-	161
Provision for doubtful debt	-	246
	<hr/> <hr/>	<hr/> <hr/>

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

6. TAXATION

	RM'000
Taxation comprises of:	
Current provision	11,699
Previous year overprovided	-
Effect of income/expenses not subject to tax	-
Deferred taxation	(822)
	<hr/>
At end of period	10,877
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The effective tax rate of the Group for the current financial year ended 30 June 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.



TANAH MAKMUR BERHAD (841938-U)

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 ended 30 June 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:

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	22,857,700
Expansion of palm oil mill	within 24 months	5,000,000	3,340,400
Infrastructure work of the KotaSAS Township	within 24 months	13,000,000	3,663,300
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	48,536,400

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

11. GROUP BORROWINGS

Loans and borrowings as at 30 June 2015 comprise of:

	<u>Amount</u> RM'000
11.1 Current loans and borrowings	
Business Financing-i (plantation)	1,826
Bai BithamanAjil Term Financing-i	580
Business Financing-i (property)	3,121
Term Loan-Cash Line Term Financing-i	-
Obligations under finance leases	472
	5,999
11.2 Non-current loans and borrowings	
Business Financing-i (plantation)	7,370
Bai BithamanAjil Term Financing-i	6,661
Business Financing-i (property)	18,952
Term Loan-Cash Line Term Financing-i	9,722
Obligations under finance leases	1,262
	43,967
Total loans and borrowings	49,966
11.3 Total loans and borrowings	
<u>Secured:</u>	
Business Financing-i (plantation)	9,196
Bai BithamanAjil Term Financing-i	7,241
Bai Bithaman Ajil (property)	22,073
Term Loan-Cash Line Term Financing-i	9,722
Obligation under finance leases	1,734
Total secured loan and borrowings	49,966



TANAH MAKMUR BERHAD (841938-U)

Unsecured:

Article 2A RPS	-
Total unsecured loans and borrowings	-
Total loans and borrowings	49,966

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.

- (a) 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 depositors on 13 May 2015. As of the date of this report, the dividend has been fully paid.
- (b) On 26 August 2015, the Company had announced a second single tier interim dividend of six (6) sen per share to be payable on 28 September 2015 to the entitled shareholders whose names appear on the record of depositors on 11 September 2015.

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.

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 30/06/2015	(<i>unaudited</i>) 30/06/2014	(<i>unaudited</i>) 6 months ended 30/06/2015	(<i>unaudited</i>) 30/06/2014
Profit for the year attributable to equity holders				
of the Company (RM'000)	13,248	12,546	26,390	24,633
Weighted average number of ordinary shares in issue ('000)	398,160	346,020*	398,160	346,020*

