



TANAH MAKMUR BERHAD (841938-U)

**Quarterly Report on Consolidated Results for the
Third Quarter Ended 30.09.2015**



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>9 months ended</i>	
	<i>30 Sep</i>		<i>30 Sep</i>	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	90,922	110,807	274,133	283,944
Other income	901	727	3,020	1,490
	91,823	111,534	277,153	285,434
Operational costs	(63,507)	(75,934)	(195,374)	(201,552)
Depreciation and amortisation	(2,666)	(2,549)	(7,923)	(7,642)
Profit from operations	25,650	33,051	73,856	76,240
<i>Finance costs</i>	<i>(600)</i>	<i>(415)</i>	<i>(1,844)</i>	<i>(3,538)</i>
Profit before taxation	25,050	32,636	72,012	72,702
Taxation	(6,605)	(11,380)	(17,482)	(21,549)
Profit for the period	18,445	21,256	54,530	51,153
Other comprehensive income :	-	-	-	-
Total comprehensive income for the year	18,445	21,256	54,530	51,153
<i>Profit attributable to:</i>				
Equity holders of the company	14,171	14,447	40,561	39,080
Non-controlling interests	4,274	6,809	13,969	12,073
	18,445	21,256	54,530	51,153
<i>Total comprehensive income attributable to:</i>				
Equity holders of the company	14,171	14,447	40,561	39,080
Non-controlling interests	4,274	6,809	13,969	12,073
	18,445	21,256	54,530	51,153
Earnings per share attributable to equity holders of the company (sen):				
Basic (Note B15)	3.56	4.02	10.19	10.88

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 30/09/2015	As at 31/12/2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	150,136	148,880
Biological assets	108,346	92,461
Land use rights	38,891	39,322
Land held for property development	27,863	28,123
Other investment	5	5
	325,241	308,791
Current assets		
Property development costs	93,228	86,787
Inventories	23,816	15,514
Trade and other receivables	44,142	31,261
Other current assets	21,412	24,793
Marketable securities	2,183	2,183
GST Recoverable	627	-
Tax recoverable	4,031	2,303
Cash and bank balances	72,955	111,239
	262,394	274,080
TOTAL ASSETS	587,635	582,871
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	199,080	199,080
Reserves	211,718	218,936
	410,798	418,016
Non-controlling interests	28,241	22,298
Total equity	439,039	440,314
Non-current liabilities		
Loans and borrowings	42,561	35,899
Staff benefit liabilities	3,763	3,795
Deferred tax liabilities	27,533	28,730
	73,857	68,424
Current liabilities		
Loans and borrowings	6,069	6,234
Trade and other payables	56,868	52,205
Other current liabilities	10,613	14,269
Tax payable	1,189	1,425
	74,739	74,133
TOTAL LIABILITIES	148,596	142,557
TOTAL EQUITY AND LIABILITIES	587,635	582,871
Net assets per share attributable to equity holders of the Company (RM)	1.03	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 30/09/2015**

	<-----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	-	-	-	-	40,561	40,561	13,969	54,530
Dividend paid to minority interest	-	-	-	-	-	-	(8,026)	(8,026)
Dividend (A8)	-	-	-	-	(47,779)	(47,779)	-	(47,779)
At 30.09.2015	199,080	38,478	1,750	3,544	167,946	410,798	28,241	439,039

	<-----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
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 9 Months Period Ended 30 September 2015**

	<i>(unaudited)</i> 30/09/2015 RM'000	<i>(unaudited)</i> 30/09/2014 RM'000
OPERATING ACTIVITIES		
Profit before tax	72,012	72,702
<u>Adjustments for :</u>		
Depreciation / amortisation	7,923	7,642
Gain on disposal of property plant and equipment	(281)	-
Property, plant & equipment written off	18	-
Inventories written down	765	-
Loss on sale of livestock	47	46
Pension costs - defined benefit plan	(32)	(473)
Interest expense	1,844	1,482
Interest income	(1,947)	(813)
Unwinding discounts of the redeemable preference shares	-	2,056
Listing expenses write off against share premium	-	(627)
Bad debts written off	-	161
Provision for doubtful debt	-	246
Total adjustments	8,337	9,720
Operating profit before changes in working capital	80,349	82,422
<u>Changes in working capital :</u>		
- Property development costs and land held for development	(5,905)	(9,735)
- Trade and other receivables	(10,138)	(26,354)
- Inventories	(9,067)	433
- Trade and other payables	896	24,220
Total changes in working capital	(24,214)	(11,436)
Cash generated from operations	56,135	70,986
Interest paid	(1,844)	(1,482)
Income taxes paid	(20,752)	(15,894)
Income tax refund	144	697
Net cash flows from operating activities	33,683	54,307



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**Condensed Consolidated Statement of Cash Flow
For the 9 Months Period Ended 30 September 2015**

	<i>(unaudited)</i> 30/09/2015 RM'000	<i>(unaudited)</i> 30/09/2014 RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,359)	(3,551)
Purchase of biological assets	(18,668)	(11,037)
Proceeds from sales of livestock	176	205
Purchase of livestock	(131)	(29)
Interest income received	1,947	813
Net cash used in investing activities	(22,035)	(13,599)
FINANCING ACTIVITIES		
Proceeds from borrowings	10,000	25,000
Repayment of borrowings	(4,127)	(34,767)
Repayment of redeemable preference shares	-	(7,000)
Proceeds from Initial Public Offering	-	65,175
Dividends paid to equity holders of the company	(47,779)	-
Dividend paid to non-controlling interest	(8,026)	(7,073)
Proceeds issuance of ordinary shares by subsidiaries to non-controlling interest	-	294
Net cash used in financing activities	(49,932)	41,629
CASH AND CASH EQUIVALENTS		
Net increase / (decrease)	(38,284)	82,337
At beginning of year	111,239	46,931
At end of period	72,955	129,268

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



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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



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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**”).

In September 2015, the effective date of MFRS 15 Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018. As a result, the effective date for Transitioning Entities (TEs) to apply the MFRS will also be deferred to annual periods beginning on or after 1 January 2018.

The TEs are entities within the scope of MFRS 141 Agriculture and/or IC interpretation 15 Agreements for the Construction of Real Estate, including their parents, significant investors and joint ventures. Generally, the TEs are entities in the real estate and agriculture industries that have been given the option to continue applying the Financial Reporting Standards Framework, the predecessor or the MFRSs Framework.

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 2018. 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.

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.



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(6) Changes in Estimates

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

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 Sep 2015			
Revenue			
Total revenue	56,496	46,771	103,267
Less : Inter-segment revenue	(9,695)	(2,650)	(12,345)
External revenue	<u>46,801</u>	<u>44,121</u>	<u>90,922</u>
Segment result (external)	9,994	15,056	<u>25,050</u>
Profit before tax			<u>25,050</u>
3 months ended			
30 Sep 2014			
Revenue			
Total revenue	60,331	69,258	129,589
Less : Inter-segment revenue	(14,907)	(3,875)	(18,782)
External revenue	<u>45,424</u>	<u>65,383</u>	<u>110,807</u>
Segment result (external)	7,818	24,818	<u>32,636</u>
Profit before tax			<u>32,636</u>



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	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
Cumulative 9 months ended			
30 Sep 2015			
Revenue			
Total revenue	160,569	146,293	306,862
Less : Inter-segment revenue	(23,492)	(9,237)	(32,729)
External revenue	<u>137,077</u>	<u>137,056</u>	<u>274,133</u>
Segment result (external)	23,096	48,916	<u>72,012</u>
Profit before tax			<u>72,012</u>
Cumulative 9 months ended			
30 Sep 2014			
Revenue			
Total revenue	198,592	146,094	344,686
Less : Inter-segment revenue	(49,961)	(10,781)	(60,742)
External revenue	<u>148,631</u>	<u>135,313</u>	<u>283,944</u>
Segment result (external)	28,897	43,805	<u>72,702</u>
Profit before tax			<u>72,702</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 September 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.



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(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 September 2015 is as follow:

	As at 30/09/2015 RM'000
Property, plant and equipment:	
- Authorised but not contracted	24,716
- Contracted but not provided in the financial statements	-
	24,716
Biological asset:	
- Authorised but not contracted	8,724
- Contracted but not provided in the financial statements	-
	8,724



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

1. REVIEW OF PERFORMANCE

Current quarter – Q3 2015 Versus Q3 2014

For the 3rd quarter ended 30 September 2015, the Group's revenue decreased by 17.95% to RM90.92 million from RM110.81 million in the previous year's corresponding period.

Profit before tax decreased by 23.24% to RM25.05 million in the 3rd Quarter of 2015, from RM32.64 million in the previous year's corresponding period. The Group's total comprehensive income attributable to equity holders of the company decreased to RM14.17 million in the 3rd Quarter 2015, from RM14.45 million in the previous year's corresponding period, decreased of 1.94%.

	Q3-2015	Q3-2014	Variance
	RM'000	RM'000	%
Revenue			
Plantation	46,801	45,424	3.03%
Property development	44,121	65,383	(32.52%)
Total	90,922	110,807	(17.95%)
Profit Before Tax			
Plantation	9,994	7,818	27.83%
Property development	15,056	24,818	(39.33%)
Total	25,050	32,636	(23.24%)

Plantation segment

Revenue from plantation segment increased by 3.03 % following higher sales to the third parties despite lower FFB production, lower average selling prices of CPO and PK as compared to the same quarter last year.

The profit before tax had increased by 27.83% to RM9.99 million due to listing expenses of RM4.54 million incurred in the previous year's corresponding period.

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

	unaudited	
	For the 3 months ended 30 Sep	
	2015	2014
Average CPO selling price (RM/mt)	2,049	2,203
Average PK selling price (RM/mt)	1,384	1,440
Average FFB selling price (RM/mt)	483	518
FFB production (mt)	61,509	61,968
Intake of FFB processed (mt):		
Our Group's plantation estates	23,912	32,966
Third Party plantation owners and traders	35,477	27,110
	<u>59,389</u>	<u>60,076</u>



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Property development segment

During the quarter, the property development segment registered a lower turnover and profit of RM44.12 million or 32.52% and RM15.06 million or 39.33% respectively as compared to the previous year's quarter as a result of lower take up rate of new launchings residential units in KotaSAS mainly due to stricter lending conditions imposed by financial institutions on housing loans and weaker market conditions. Furthermore, the turnover and profit from the mineral extraction activity (bauxite - as part of property development segment) in the 3rd Quarter 2015 were lower at RM20.92 million or 45.92% and RM8.17 million or 45.92% respectively as compared to the previous year's quarter due to lower number of shipments following port congestion.

Cumulative period – 9 months 2015 Versus 9 months 2014

For the 9 months period ended 30 September 2015, the Group's revenue decreased by 3.46% to RM274.13 million from RM283.94 million in the previous year's corresponding period.

Profit before tax decreased by 0.95% to RM72.01 million in the 9 months year 2015, from RM72.70 million in the previous year's corresponding period. However, the Group's total comprehensive income attributable to equity holders of the company also increased to RM40.56 million in the 9 months year 2015, from RM39.08 million in the previous year's corresponding period, an increase of 3.79%.

	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014	Variance
	RM'000	RM'000	%
Revenue			
Plantation	137,077	148,631	(7.77%)
Property development	137,056	135,313	1.29%
Total	274,133	283,944	(3.46%)
Profit Before Tax			
Plantation	23,096	28,897	(20.07%)
Property development	48,916	43,805	11.67%
Total	72,012	72,702	(0.95%)

Plantation segment

Revenue from plantation segment decreased by 7.77 % following lower FFB production and lower average selling prices of CPO and PK for the 9 months year 2015 as compared to the same period last year.

During the 9 months period ended 30 September 2015, the profit before tax had decreased by 20.07% to RM23.10 million due to:

- (a) lower FFB production due to unfavourable weather conditions;
- (b) lower average CPO and PK price per metric tonne by RM302.00 and RM231.00 respectively;
- (c) lower FFB processed; and
- (d) loss from the milling operations following lower quality of FFB processed which resulted in lower extraction rates achieved, lower selling prices of CPO and PK and a writing down in the CPO and PK inventory amounted to RM765,000.



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

	unaudited	
	For the 9 months ended 30 Sep	
	2015	2014
Average CPO selling price (RM/mt)	2,156	2,458
Average PK selling price (RM/mt)	1,565	1,796
Average FFB selling price (RM/mt)	515	588
FFB production (mt)	152,254	154,046
Intake of FFB processed (mt):		
Our Group's plantation estates	52,652	94,994
Third Party plantation owners and traders	113,143	78,801
	165,795	173,795

Property development segment

During the 9 months year 2015, the property development segment registered a higher turnover and profit of RM137.06 million or 1.29% and RM48.92 million or 11.67% respectively as compared to the same period last year following higher mineral extraction activity (bauxite - as part of property development segment) turnover and profit of RM72.18 million or 21.39% and RM27.13 million or 45.24% respectively which had offset lower take up rate of new launchings of residential units in KotaSAS mainly due to stricter lending conditions imposed by financial institutions on housing loans and weaker market conditions.

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

The Group posted higher profit before taxation and net profit for the current quarter ended 30 September 2015 as compared to the preceding quarter ended 30 June 2015 mainly due to:

- (i) higher contribution from property development activities, excluding mining of bauxite minerals activities by RM0.97 million (16.33%); and
- (ii) higher FFB production by 8,258 mt (15.51%).

3. PROSPECTS

The performance of the plantations segment will be satisfactory following a slow but expected recovery in CPO prices. Property development segment revenue is expected to 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.



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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.

<u>Financial year ended 31 December</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
	<u>RM million</u>					
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.



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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>
	current period	Preceding year
	30/09/2015	corresponding
	RM'000	period
		30/09/2014
		RM'000
Depreciation / amortisation	7,923	7,642
Gain on disposal property, plant and equipment	(281)	-
Property, plant & equipment written off	18	-
Inventories written down	765	-
Loss on sale of livestock	47	46
Pension costs – defined benefit plan	(32)	(473)
Interest on borrowings	1,844	1,482
Interest income	(1,947)	(813)
Unwinding discounts of the redeemable preference shares	-	2,056
Listing expenses write off against share premium	-	(627)
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	18,644
Previous year overprovided	-
Effect of income/expenses not subject to tax	-
Deferred taxation	(1,162)
	<hr/>
At end of period	17,482
	<hr/>

The effective tax rate of the Group for the current financial year ended 30 September 2015 is approximating the Malaysian income tax rate of 25%.

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.



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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 September 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	26,450,000
Expansion of palm oil mill	within 24 months	5,000,000	3,514,500
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	52,302,800

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

11. GROUP BORROWINGS

Loans and borrowings as at 30 September 2015 comprise of:

	<u>Amount</u> RM'000
11.1 Current loans and borrowings	
Business Financing-i (plantation)	1,853
Bai BithamanAjil Term Financing-i	590
Business Financing-i (property)	3,171
Term Loan-Cash Line Term Financing-i	-
Obligations under finance leases	455
	6,069
11.2 Non-current loans and borrowings	
Business Financing-i (plantation)	6,896
Bai BithamanAjil Term Financing-i	6,651
Business Financing-i (property)	18,140
Term Loan-Cash Line Term Financing-i	9,722
Obligations under finance leases	1,152
	42,561
Total loans and borrowings	48,630
11.3 Total loans and borrowings	
<u>Secured:</u>	
Business Financing-i (plantation)	8,749
Bai BithamanAjil Term Financing-i	7,241
Bai Bithaman Ajil (property)	21,311
Term Loan-Cash Line Term Financing-i	9,722
Obligation under finance leases	1,607
Total secured loan and borrowings	48,630



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Unsecured:

Article 2A RPS	-
Total unsecured loans and borrowings	-
Total loans and borrowings	48,630

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. As of the date of this report, the dividend has been fully paid.

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 30/09/2015	(<i>unaudited</i>) 30/09/2014	(<i>unaudited</i>) 9 months ended 30/09/2015	(<i>unaudited</i>) 9 months ended 30/09/2014
Profit for the year attributable to equity holders				
of the Company (RM'000)	14,171	14,447	40,561	39,080
Weighted average number of ordinary shares in issue ('000)	398,160	359,055*	398,160	359,055*

