



TANAH MAKMUR BERHAD (841938-U)

**Quarterly Report on Consolidated Results for the
Fourth Quarter Ended 31.12.2015**



TANAH MAKMUR BERHAD (841938-U)

Condensed Consolidated Statement of Comprehensive Income

	<u>Current quarter</u>		<u>Cumulative quarter</u>	
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	<i>3 months ended</i>		<i>Year ended</i>	
	<i>31 Dec</i>		<i>31 Dec</i>	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	130,523	105,004	404,656	388,949
Other income	1,345	1,124	4,365	2,613
	131,868	106,128	409,021	391,562
Operational costs	(98,708)	(78,002)	(294,082)	(279,555)
Depreciation and amortisation	(3,156)	(2,366)	(11,079)	(10,009)
Profit from operations	30,004	25,760	103,860	101,998
<i>Finance costs</i>	<i>(572)</i>	<i>(1,062)</i>	<i>(2,416)</i>	<i>(4,599)</i>
Profit before taxation	29,432	24,698	101,444	97,399
Taxation	(11,384)	(3,450)	(28,866)	(24,998)
Profit for the period	18,048	21,248	72,578	72,401
Other comprehensive income :				
Net (loss) / gain on re-measurement of defined benefit liability	159	-	159	-
Total comprehensive income for the year	18,207	21,248	72,737	72,401
<i>Profit attributable to:</i>				
Equity holders of the company	12,854	14,792	53,415	53,872
Non-controlling interests	5,194	6,456	19,163	18,529
	18,048	21,248	72,578	72,401
<i>Total comprehensive income attributable to:</i>				
Equity holders of the company	13,013	14,792	53,574	53,872
Non-controlling interests	5,194	6,456	19,163	18,529
	18,207	21,248	72,737	72,401
Earnings per share attributable to equity holders of the company (sen):				
Basic (Note B15)	3.23	3.98	13.42	14.48

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 31/12/2015	As at 31/12/2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	151,137	148,880
Investment Property	395	-
Biological assets	114,899	92,461
Land use rights	38,871	39,322
Land held for property development	27,605	28,123
Other investment	5	5
	332,912	308,791
Current assets		
Property development costs	80,461	86,787
Inventories	26,126	15,514
Trade and other receivables	68,377	31,261
Other current assets	25,923	24,793
Marketable securities	1,713	2,183
Tax recoverable	3,531	2,303
Derivative	252	-
Cash and bank balances	70,688	111,239
	277,071	274,080
TOTAL ASSETS	609,983	582,871
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	199,080	199,080
Reserves	224,731	218,936
	423,811	418,016
Non-controlling interests	30,274	22,298
Total equity	454,085	440,314
Non-current liabilities		
Loans and borrowings	31,212	35,899
Staff benefit liabilities	3,830	3,795
Deferred tax liabilities	29,928	28,730
	64,970	68,424
Current liabilities		
Loans and borrowings	15,162	6,234
Trade and other payables	70,835	52,205
Other current liabilities	1,616	14,269
Tax payable	3,315	1,425
	90,928	74,133
TOTAL LIABILITIES	155,898	142,557
TOTAL EQUITY AND LIABILITIES	609,983	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 year ended 31/12/2015**

	<-----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	-	-	-	-	53,415	53,415	19,163	72,578
Dividend paid to minority interest	-	-	-	-	-	-	(11,187)	(11,187)
Other comprehensive income	-	-	-	-	159	159	-	159
Dividend (A8)	-	-	-	-	(47,779)	(47,779)	-	(47,779)
At 31.12.2015	199,080	38,478	1,750	3,544	180,959	423,811	30,274	454,085

	<-----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 Year Ended 31 December 2015**

	<i>(unaudited)</i> 31/12/2015 RM'000	<i>(audited)</i> 31/12/2014 RM'000
OPERATING ACTIVITIES		
Profit before tax	101,444	97,399
<u>Adjustments for :</u>		
Depreciation / amortisation	11,079	10,009
Gain on disposal of property plant and equipment	(78)	-
Property, plant & equipment written off	22	256
Inventories written down	30	581
Loss on sale of livestocks	97	(122)
Pension costs - defined benefit plan	35	(317)
Interest expense	2,416	2,543
Interest income	(2,345)	(1,428)
Unrealised foreign exchange gain	(650)	(41)
Fair value changes of financial assets at fair value through profit or loss	470	2,370
Impairment loss on other receivables	99	-
Reversal of allowance for impairment of other receivables	(11)	-
Fair value gain on derivative	(252)	-
Unwinding discounts of the redeemable preference shares	-	2,056
Bad debts written off	-	161
Provision for doubtful debt	-	381
Dividend income on investment security	-	(360)
Total adjustments	10,912	16,089
Operating profit before changes in working capital	112,356	113,488
<u>Changes in working capital :</u>		
- Property development costs and land held for development	6,844	(12,647)
- Trade and other receivables	(37,224)	(17,351)
- Inventories	(10,356)	(3,239)
- Derivatives	(252)	-
- Trade and other payables	5,976	25,398
Total changes in working capital	(35,012)	(7,839)
Cash generated from operations	77,344	105,649
Income taxes paid	(28,107)	(29,161)
Income tax refund	1,052	392
Net cash flows from operating activities	50,289	76,880



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**Condensed Consolidated Statement of Cash Flow
For the Year Ended 31 December 2015**

	<i>(unaudited)</i>	<i>(audited)</i>
	31/12/2015	31/12/2014
	RM'000	RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,123)	(5,916)
Purchase of biological assets	(26,676)	(16,788)
Proceeds from sales of livestocks	188	467
Proceeds from disposal of property, plant and equipment	375	-
Purchase of livestocks	(184)	(215)
Interest income received	2,345	1,428
Dividends received	-	360
Net cash used in investing activities	(33,075)	(20,664)
FINANCING ACTIVITIES		
Proceeds from borrowings	10,000	25,000
Repayment of borrowings	(6,383)	(35,642)
Repayment of redeemable preference shares	-	(7,000)
Interest paid	(2,416)	(2,543)
Proceeds from Initial Public Offering	-	64,548
Dividends paid to equity holders of the company	(47,779)	(23,890)
Dividend paid to non-controlling interest	(11,187)	(12,675)
Proceeds issuance of ordinary shares by subsidiaries to non-controlling interest	-	294
Net cash used in financing activities	(57,765)	8,092
CASH AND CASH EQUIVALENTS		
Net increase / (decrease)	(40,551)	64,308
At beginning of year	111,239	46,931
At end of year	70,688	111,239

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 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 fluctuate according to seasonal rainfall patterns in Malaysia.

The Group’s property development business generally moves in tandem with the economy, whereby economic growth coupled with fiscal policies by the Government would affect 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.



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(6) Changes in Estimates

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

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

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

(8) Dividend

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 year have been identified as follows:

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

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

	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
3 months ended			
31 Dec 2015			
Revenue			
Total revenue	64,933	83,321	148,254
Less : Inter-segment revenue	(14,218)	(3,513)	(17,731)
External revenue	<u>50,715</u>	<u>79,808</u>	<u>130,523</u>
Segment result (external)	7,738	21,694	<u>29,432</u>
Profit before tax			<u>29,432</u>
3 months ended			
31 Dec 2014			
Revenue			
Total revenue	54,461	64,621	119,082
Less : Inter-segment revenue	(9,497)	(4,581)	(14,078)
External revenue	<u>44,964</u>	<u>60,040</u>	<u>105,004</u>
Segment result (external)	5,151	19,547	<u>24,698</u>
Profit before tax			<u>24,698</u>



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	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
Year ended			
31 Dec 2015			
Revenue			
Total revenue	225,504	229,612	455,116
Less : Inter-segment revenue	(37,711)	(12,749)	(50,460)
External revenue	187,793	216,863	404,656
Segment result (external)	30,835	70,609	101,444
Profit before tax			101,444
Year ended			
31 Dec 2014			
Revenue			
Total revenue	253,053	210,715	463,768
Less : Inter-segment revenue	(59,457)	(15,362)	(74,819)
External revenue	193,596	195,353	388,949
Segment result (external)	34,048	63,351	97,399
Profit before tax			97,399

(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 31 December 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 31 December 2015 is as follow:

Property, plant and equipment:

- Authorised but not contracted
- Contracted but not provided in the financial statements

Biological asset:

- Authorised but not contracted
- Contracted but not provided in the financial statements

As at 31/12/2015 RM'000
24,279
-
24,279
5,442
-
5,442



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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 – Q4 2015 Versus Q4 2014

For the 4th quarter ended 31 December 2015, the Group’s revenue increased by 24.30% to RM130.52 million from RM105.00 million in the previous year’s corresponding period.

Profit before tax increased by 19.17% to RM29.43 million in the 4th Quarter of 2015, from RM24.70 million in the previous year’s corresponding period. However, the Group’s total comprehensive income attributable to equity holders of the company decreased by 13.12% to RM12.85 million in the 4th Quarter 2015, from RM14.79 million in the previous year’s corresponding period.

	Q4-2015	Q4-2014	Variance
	RM’000	RM’000	%
Revenue			
Plantation	50,715	44,964	12.79%
Property development	79,808	60,040	32.92%
Total	130,523	105,004	24.30%
Profit Before Tax			
Plantation	7,738	5,151	50.22%
Property development	21,694	19,547	10.98%
Total	29,432	24,698	19.17%

Plantation segment

Revenue from plantation segment increased by 12.79 % following higher FFB processed and sales of CPO and PK despite lower average selling prices of CPO as compared to the same quarter last year.

The profit before tax had increased by 50.22% to RM7.74 million due to:-

- (a) listing expenses of RM4.54 million incurred in the previous year’s corresponding period.
- (b) a provision of diminution in value of investment of RM0.47 million incurred in the current reporting period as compared to RM2.37 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 31 Dec	
	2015	2014
Average CPO selling price (RM/mt)	2,166	2,192
Average PK selling price (RM/mt)	1,696	1,419
Average FFB selling price (RM/mt)	524	519
FFB production (mt)	54,809	53,902
Intake of FFB processed (mt):		
Our Group’s plantation estates	29,915	21,310
Third Party plantation owners and traders	32,771	30,637
	62,686	51,947



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Property development segment

During the quarter, the property development segment registered a higher turnover and profit before tax of RM79.81 million or 32.92% and RM21.69 million or 10.98% as compared to the previous year's quarter. This is due to both higher number of shipments and average selling prices in mining of bauxite deposits as part of property development segment. However, this was offset by delay in new launchings of residential units.

Cumulative period – year 2015 Versus year 2014

For the year ended 31 December 2015, the Group's revenue increased by 4.04% to RM404.66 million from RM388.95 million in the previous year.

Profit before tax increased by 4.15% to RM101.44 million in the year 2015, from RM97.40 million in the previous year's corresponding period. However, the Group's total comprehensive income attributable to equity holders of the company decreased by 0.84% to RM53.42 million in the year 2015, from RM53.87 million in the previous year.

	Year ended 31 Dec 2015	Year ended 31 Dec 2014	Variance
	RM'000	RM'000	%
Revenue			
Plantation	187,793	193,596	(3.00%)
Property development	216,863	195,353	11.01%
Total	404,656	388,949	4.04%
Profit Before Tax			
Plantation	30,835	34,048	(9.44%)
Property development	70,609	63,351	11.46%
Total	101,444	97,399	4.15%

Plantation segment

Revenue from plantation segment decreased by 3.00 % following lower FFB production and lower average selling prices of CPO and PK for the year 2015 as compared to last year.

During the year ended 31 December 2015, the profit before tax had decreased by 9.44% to RM30.84 million due to:

- (a) lower FFB production due to unfavourable weather conditions;
- (b) lower average CPO and PK price per metric tonne by RM230.00 and RM100.00 respectively;

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

	unaudited	
	For the year ended 31 Dec	
	2015	2014
Average CPO selling price (RM/mt)	2,159	2,389
Average PK selling price (RM/mt)	1,598	1,698
Average FFB selling price (RM/mt)	510	543
FFB production (mt)	207,063	207,947
Intake of FFB processed (mt):		
Our Group's plantation estates	82,567	116,304
Third Party plantation owners and traders	145,915	109,438
	228,482	225,742



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Property development segment

During the year 2015, the property development segment registered a higher turnover and profit before tax of RM216.86 million or 11.01% and RM70.61 million or 11.46% respectively as compared to the same period last year. This is due to both higher number of shipments and average selling prices in mining of bauxite deposits as part of property development segment. However, this was offset by lower take up rate of new launchings residential units 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 for the current quarter ended 31 December 2015 as compared to the preceding quarter ended 30 September 2015 mainly due to higher contribution from property development activities, and mining of bauxite minerals activities by RM2.31 million (9.21%). However, the group registered lower of net profit for the current quarter ended 31 December 2015 as compared to the preceding quarter ended 30 September 2015 due to higher tax provision arising from expenses not deductible for tax purpose and under provision of tax expense in prior years.

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. Mining's performance is expected to be satisfactory despite the 3 months moratorium imposed by the government in January 2016.

Our Board expects the result of our group's operations for the year ending 31 December 2016 to be satisfactory.

4. PROFIT FORECASTS AND/OR PROFIT GUARANTEE

Profit forecast

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

Profit guarantee

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

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

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



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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.

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.

Moving forward for the financial year ending 31 December 2016, the Board expects that there will be no shortfall in both (1) and (2).



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5. PROFIT BEFORE TAX

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

	<i>(unaudited)</i> current year 31/12/2015 RM'000	<i>(audited)</i> Preceding year 31/12/2014 RM'000
Depreciation / amortisation	11,079	10,009
Gain on disposal of property, plant and equipment	(78)	-
Property, plant & equipment written off	22	256
Inventories written down	30	581
Loss on sale of livestock	97	(122)
Pension costs – defined benefit plan	35	(317)
Interest on borrowings	2,416	2,543
Interest income	(2,345)	(1,428)
Unrealised foreign exchange gain	(650)	(41)
Fair value changes of financial assets at fair value through profit or loss	470	2,370
Impairment loss on other receivables	99	-
Reversal of allowance for impairment of other receivables	(11)	-
Fair value gain on derivative	(252)	-
Bad debts written off	-	161
Unwinding discounts of the redeemable preference shares	-	2,056
Provision for doubtful debt	-	381
Dividend income on investment security	-	(360)

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

6. TAXATION

	RM'000
Taxation comprises of:	
Current provision	25,361
Previous year over/under provided	1,087
Net effect of income/expenses subject to tax	2,924
Deferred taxation	(506)
At end of year	28,866

The effective tax rate of the Group for the current financial year ended 31 December 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.

8. QUOTED SECURITIES

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



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9. FOREIGN EXCHANGE GAIN OR LOSS

The Group does not have any foreign exchange gain or loss for the current quarter ended 31 December 2015 except as disclosed in Note 5.

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	28,500,000
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	54,352,800

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

11. GROUP BORROWINGS

Loans and borrowings as at 31 December 2015 comprise of:

	<u>Amount</u> RM'000
11.1 Current loans and borrowings	
Business Financing-i (plantation)	1,880
Bai BithamanAjil Term Financing-i	799
Business Financing-i (property)	3,222
Term Loan-Cash Line Term Financing-i	8,840
Obligations under finance leases	421
	15,162
11.2 Non-current loans and borrowings	
Business Financing-i (plantation)	6,416
Bai BithamanAjil Term Financing-i	6,442
Business Financing-i (property)	17,315
Term Loan-Cash Line Term Financing-i	-
Obligations under finance leases	1,039
	31,212
Total loans and borrowings	46,374
11.3 Total loans and borrowings	
<u>Secured:</u>	
Business Financing-i (plantation)	8,296
Bai BithamanAjil Term Financing-i	7,241
Bai Bithaman Ajil (property)	20,537
Term Loan-Cash Line Term Financing-i	8,840
Obligation under finance leases	1,460
Total secured loan and borrowings	46,374



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Unsecured:

Article 2A RPS

Total unsecured loans and borrowings	-
	-
Total loans and borrowings	46,374

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 ended 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.



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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>)	(<i>audited</i>)	(<i>unaudited</i>)	(<i>audited</i>)
	3 months ended		year ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Profit for the year attributable to equity holders				
of the Company (RM'000)	12,854	14,792	53,415	53,872
Weighted average number of ordinary shares in issue ('000)	398,160	372,090*	398,160	372,090*
Basic EPS attributable to equity holders of				
the Company (sen)	3.23	3.98	13.42	14.48

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

(b) Diluted EPS

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

16. RETAINED EARNINGS

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

	As At 31/12/2015 RM'000	As At 31/12/2014 RM'000
Total retained earnings of the Group		
- Realised	150,779	146,434
- Unrealised	30,180	28,730
	180,959	175,164



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17. PLANTATION STATISTICS

	As at 31 Dec	
	2015	2014
(a) Planted areas (hectares)		
Oil palm - past prime (> 25 years)	130	-
- old mature (19 - 25 years)	2,698	2,597
- prime mature (14 - 18 years)	3,740	1,927
- prime mature (9 - 13 years)	1,655	3,202
- young mature (4 - 8 years)	2,492	2,699
	10,715	10,425
- immature	5,450	4,939
	16,165	15,364
	As at 31 Dec	
	2015	2014
(b) Crop Production (MT)		
FFB	207,063	207,947
(c) Average Selling Prices (RM per MT)		
CPO	2,159	2,389
PK	1,598	1,698
FFB	510	543

By order of the Board

TANAH MAKMUR BERHAD

SUZILAH BINTI HAJI WAHID

Company Secretary

Dated this: 24 February 2016