



TANAH MAKMUR BERHAD (841938-U)

**Quarterly Report on Consolidated Results for the
First Quarter Ended 31.03.2016**



TANAH MAKMUR BERHAD (841938-U)

Condensed Consolidated Statement of Comprehensive Income

	<u>Current quarter</u>		<u>Cumulative quarter</u>	
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	61,976	81,813	61,976	81,813
Other income	1,435	977	1,435	977
	63,411	82,790	63,411	82,790
Operational costs	(49,072)	(55,962)	(49,072)	(55,962)
Depreciation and amortisation	(2,763)	(2,598)	(2,763)	(2,598)
Profit from operations	11,576	24,230	11,576	24,230
<i>Finance costs</i>	<i>(568)</i>	<i>(631)</i>	<i>(568)</i>	<i>(631)</i>
Profit before taxation	11,008	23,599	11,008	23,599
Taxation	(2,573)	(5,065)	(2,573)	(5,065)
Profit for the period	8,435	18,534	8,435	18,534
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	8,435	18,534	8,435	18,534
<i>Profit attributable to:</i>				
Equity holders of the company	6,965	13,142	6,965	13,142
Non-controlling interests	1,470	5,392	1,470	5,392
	8,435	18,534	8,435	18,534
<i>Total comprehensive income attributable to:</i>				
Equity holders of the company	6,965	13,142	6,965	13,142
Non-controlling interests	1,470	5,392	1,470	5,392
	8,435	18,534	8,435	18,534
Earnings per share attributable to equity holders of the company (sen):				
Basic (Note B15)	1.75	3.30	1.75	3.30

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 2015.



TANAH MAKMUR BERHAD (841938-U)

Condensed Consolidated Statement of Financial Position

	<i>(unaudited)</i>	<i>(audited)</i>
	As at 31/03/2016	As at 31/12/2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	151,276	151,137
Investment Property	388	395
Biological assets	119,230	114,899
Land use rights	38,727	38,871
Land held for property development	27,425	27,605
Other investment	5	5
	337,051	332,912
Current assets		
Property development costs	87,623	80,458
Inventories	34,056	26,128
Trade and other receivables	48,056	67,003
Other current assets	26,247	25,923
Marketable securities	1,713	1,713
Tax recoverable	5,294	3,561
Derivative	252	252
Cash and bank balances	63,059	70,688
	266,300	275,726
TOTAL ASSETS	603,351	608,638
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	199,080	199,080
Reserves	232,132	225,167
	431,212	424,247
Non-controlling interests	24,709	23,239
Total equity	455,921	447,486
Non-current liabilities		
Loans and borrowings	29,873	31,212
Staff benefit liabilities	3,872	3,830
Deferred tax liabilities	29,861	29,964
	63,606	65,006
Current liabilities		
Loans and borrowings	14,823	15,162
Trade and other payables	66,589	77,078
Other current liabilities	656	1,616
Tax payable	1,756	2,290
	83,824	96,146
TOTAL LIABILITIES	147,430	161,152
TOTAL EQUITY AND LIABILITIES	603,351	608,638
Net assets per share attributable to equity holders of the Company (RM)	1.08	1.07

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.



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**Condensed Consolidated Statements of Changes in Equity
for the period ended 31/03/2016**

	<-----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 1.1.2016	199,080	38,478	1,750	3,544	181,395	424,247	23,239	447,486
Total comprehensive income	-	-	-	-	6,965	6,965	1,470	8,435
At 31.03.2016	199,080	38,478	1,750	3,544	188,360	431,212	24,709	455,921

	<-----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	-	-	-	-	53,851	53,851	19,173	73,024
Dividend paid to minority interest	-	-	-	-	-	-	(18,232)	(18,232)
Other comprehensive income	-	-	-	-	159	159	-	159
Dividend	-	-	-	-	(47,779)	(47,779)	-	(47,779)
At 31.12.2015	199,080	38,478	1,750	3,544	181,395	424,247	23,239	447,486

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.



TANAH MAKMUR BERHAD (841938-U)

**Condensed Consolidated Statement of Cash Flow
For the Period Ended 31 March 2016**

	<i>(unaudited)</i> 31/03/2016 RM'000	<i>(unaudited)</i> 31/03/2015 RM'000
OPERATING ACTIVITIES		
Profit before tax	11,008	23,599
<u>Adjustments for :</u>		
Depreciation / amortisation	2,763	2,598
Gain on disposal of property plant and equipment	-	(32)
Inventories written down	103	502
Loss on sale of livestock	(31)	6
Pension costs - defined benefit plan	43	(124)
Interest expense	568	631
Interest income	(164)	(519)
Net realised foreign exchange gain	(1,098)	-
Total adjustments	2,184	3,062
Operating profit before changes in working capital	13,192	26,661
<u>Changes in working capital :</u>		
- Property development costs and land held for development	(6,979)	(1,747)
- Trade and other receivables	21,034	(13,734)
- Inventories	(8,031)	(4,002)
- Trade and other payables	(12,687)	3,263
Total changes in working capital	(6,663)	(16,220)
Cash generated from operations	6,529	10,441
Income taxes paid	(5,745)	(5,655)
Income tax refund	801	144
Net cash flows from operating activities	1,585	4,930



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**Condensed Consolidated Statement of Cash Flow
For the Period Ended 31 March 2016**

	<i>(unaudited)</i> 31/03/2016 RM'000	<i>(unaudited)</i> 31/03/2015 RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,883)	(2,286)
Purchase of biological assets	(5,283)	(5,136)
Proceeds from sales of livestocks	67	132
Purchase of livestocks	(32)	(58)
Interest income received	164	519
Net cash used in investing activities	(6,967)	(6,829)
FINANCING ACTIVITIES		
Proceeds from borrowings	-	10,000
Repayment of borrowings	(1,679)	(1,215)
Interest paid	(568)	(631)
Net cash used in financing activities	(2,247)	8,154
CASH AND CASH EQUIVALENTS		
Net increase / (decrease)	(7,629)	6,255
At beginning of year	70,688	111,239
At end of period	63,059	117,494

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.



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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 2015. 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 2015.

(2) Significant Accounting Policies

The significant accounting policies are consistent with those adopted in the audited financial statements for year ended 31 December 2015, 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 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

There is no dividend paid in the quarter under review.

(9) Segmental Information

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

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

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

	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
3 months ended			
31 March 2016			
Revenue			
Total revenue	43,417	31,449	74,866
Less : Inter-segment revenue	(8,651)	(4,239)	(12,890)
External revenue	<u>34,766</u>	<u>27,210</u>	<u>61,976</u>
Segment result (external)	5,000	6,008	<u>11,008</u>
Profit before tax			<u>11,008</u>
3 months ended			
31 March 2015			
Revenue			
Total revenue	38,969	51,518	90,487
Less : Inter-segment revenue	(6,002)	(2,672)	(8,674)
External revenue	<u>32,967</u>	<u>48,846</u>	<u>81,813</u>
Segment result (external)	6,323	17,276	<u>23,599</u>
Profit before tax			<u>23,599</u>



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	PLANTATION	PROPERTY DEVELOPMENT	GROUP
	RM'000	RM'000	RM'000
Cumulative 3 months ended			
31 March 2016			
Revenue			
Total revenue	43,417	31,449	74,866
Less : Inter-segment revenue	(8,651)	(4,239)	(12,890)
External revenue	34,766	27,210	61,976
Segment result (external)	5,000	6,008	11,008
Profit before tax			11,008
Cumulative 3 months ended			
31 March 2015			
Revenue			
Total revenue	38,969	51,518	90,487
Less : Inter-segment revenue	(6,002)	(2,672)	(8,674)
External revenue	32,967	48,846	81,813
Segment result (external)	6,323	17,276	23,599
Profit before tax			23,599

(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 2015.

(11) Subsequent Event

Save as disclosed in note **B10**, there is no material event subsequent to the end of the current quarter.

(12) Change in Composition of the Group

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

(13) Contingent Liabilities and/or Contingent Assets

As at 31 March 2016 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 March 2016 is as follow:

	As at 31/03/2016 RM'000
Property, plant and equipment:	
- Authorised but not contracted	20,554
- Contracted but not provided in the financial statements	-
	20,554
Biological asset:	
- Authorised but not contracted	17,860
- Contracted but not provided in the financial statements	-
	17,860



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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 – Q1 2016 Versus Q1 2015

For the 1st quarter ended 31 March 2016, the Group’s revenue decreased by 24.25% to RM61.98 million from RM81.81 million in the previous year’s corresponding period.

Profit before tax decreased by 53.35% to RM11.01 million in the 1st Quarter of 2016, from RM23.60 million in the previous year’s corresponding period. Similarly, the Group’s total comprehensive income attributable to equity holders of the company decreased by 47.03% to RM6.96 million in the 1st Quarter 2016, from RM13.14 million in the previous year’s corresponding period.

	Q1-2016	Q1-2015	Variance
	RM'000	RM'000	%
Revenue			
Plantation	34,766	32,967	5.46%
Property development	27,210	48,846	(44.29%)
Total	61,976	81,813	(24.25%)
Profit Before Tax			
Plantation	5,000	6,323	(20.92%)
Property development	6,008	17,276	(65.22%)
Total	11,008	23,599	(53.35%)

Plantation segment

Revenue from plantation segment increased by 5.46 % following higher FFB processed and higher average selling prices of CPO and PK despite lower production of FFB as compared to the same quarter last year.

The profit before tax had decreased by 20.92% to RM5.00 million due to:-

- (a) lower FFB production due to unfavourable weather conditions; and
- (b) Increase in upkeep and cultivation by RM0.96 million to RM4.67 million in the current reporting period as compared to the previous year’s corresponding period as a result of manuring being carried out earlier in 2016.

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

	unaudited	
	For the 3 months ended 31 March	
	2016	2015
Average CPO selling price (RM/mt)	2,415	2,269
Average PK selling price (RM/mt)	2,090	1,847
Average FFB selling price (RM/mt)	595	554
FFB production (mt)	34,717	37,495
Intake of FFB processed (mt):		
Our Group’s plantation estates	15,001	11,437
Third Party plantation owners and traders	23,362	24,835
	<u>38,363</u>	<u>36,272</u>



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Property development segment

During the quarter, the property development segment registered a lower turnover and profit of RM27.21 million or 44.29% and RM6.00 million or 65.22% respectively as compared to the previous year's quarter as a result of increase in promotional costs on new launchings of residential units in KotaSAS. Furthermore, the turnover and profit from the mineral extraction activity (bauxite - as part of property development segment) in the 1st Quarter 2016 was nil and RM1.11 million or 86.61% respectively as compared to the previous year's quarter due to 3 months moratorium imposed by federal government on bauxite activity since early January 2016. The profit from mineral extraction activity for the period is arising from realised foreign exchange gain.

Cumulative period – 3 months 2016 Versus 3 months 2015

For the 3 months period ended 31 March 2016, the Group's revenue decreased by 24.25% to RM61.98 million from RM81.81 million in the previous year.

Profit before tax decreased by 53.35% to RM11.01 million in the 3 months year 2016, from RM23.60 million in the previous year's corresponding period. Similarly, the Group's total comprehensive income attributable to equity holders of the company decreased by 47.03% to RM6.96 million in the 3 months year 2016, from RM13.14 million in the previous year.

	3 months ended 31 March 2016	3 months ended 31 March 2015	Variance
	RM'000	RM'000	%
Revenue			
Plantation	34,766	32,967	5.46%
Property development	27,210	48,846	(44.29%)
Total	61,976	81,813	(24.25%)
Profit Before Tax			
Plantation	5,000	6,323	(20.92%)
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Intake of FFB processed (mt):		
Our Group's plantation estates	15,001	11,437
Third Party plantation owners and traders	23,362	24,835
	38,363	36,272

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

The Group posted lower profit before taxation for the current quarter ended 31 March 2016 as compared to the preceding quarter ended 31 December 2015 mainly due to

- (a) lower contribution from property development activities, and mining of bauxite minerals activities by RM15.11 million (71.56%); and
- (b) lower FFB production by 20,092 mt (36.66%).

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 significantly decreased because of the 6 months moratorium imposed by the government since January 2016.

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

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.



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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.

For the year ending 31 December 2016, 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 year 31/03/2016 RM'000	<i>(unaudited)</i> Preceding year 31/03/2015 RM'000
Depreciation / amortisation	2,763	2,598
Gain on disposal of property, plant and equipment	-	(32)
Inventories written down	103	502
Loss on sale of livestocks	(31)	6
Pension costs – defined benefit plan	43	(124)
Interest expense	568	631
Interest income	(164)	(519)
Net realised foreign exchange gain	(1,098)	-
	<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	2,676
Deferred taxation	(103)
	<hr/> 2,573 <hr/>

The effective tax rate of the Group for the current financial period ended 31 March 2016 is approximating the Malaysian income tax rate of 24% in the year assessment 2016.

7. SALE OF PROPERTIES AND UNQUOTED INVESTMENT

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

8. QUOTED SECURITIES

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

9. FOREIGN EXCHANGE GAIN OR LOSS

Save as disclosed in **Note B5**, the Group does not have any foreign exchange gain or loss for the current quarter ended 31 March 2016.



TANAH MAKMUR BERHAD (841938-U)

10. STATUS OF CORPORATE PROPOSALS

(a) PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE (PROPOSED SCR)

On 25 April 2016, the Board of Directors had announced that they have received a letter from KDYTM Tengku Abdullah Al-Haj Ibni Sultan Haji Ahmad Shah Al-Musta'in Billah (the "Offeror"), a major shareholder of the Company, requesting for the Company to undertake a Proposed SCR under Section 64 of the Companies Act, 1965 ("SCR Offer Letter"). The Proposed SCR involves Tanah Makmur undertaking a selective capital reduction and repayment exercise under Section 64 of the Act, involving all shareholders of the Company other than the Non-Entitled Shareholders (as defined in the SCR Offer Letter) whose names appear in the Record of Depositors of Tanah Makmur as at the close of business on an entitlement date to be determined and announced later.

On 28 April 2016, the Board of Directors had announced that they, save for the Interested Directors, has deliberated on the contents of the SCR Offer Letter and has resolved to table the Proposed SCR to the shareholders of the Company for their consideration.

Please refer to the Announcements dated 25 April 2016 and 28 April 2016 for further details.

(b) UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

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	4,645,650
Infrastructure work of the KotaSAS Township	within 24 months	13,000,000	6,773,800
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	58,594,450

(c) (I) PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE (II) PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (III) PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK OF UP TO TEN PERCENT (10%) OF THE PREVAILING ISSUED AND PAID-UP SHARE CAPITAL OF TANAH MAKMUR BERHAD (collectively referred to as the 'Proposals')

On 6 April 2016, the Company had announced that the following proposals will be tabled to its shareholders for approval at the Company's Extraordinary General Meeting on 27 May 2016:-

- (i) Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature;
- (ii) Proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature; and
- (iii) Proposed renewal of authority for share buy-back of up to ten percent (10%) of the prevailing issued and paid-up share capital of Tanah Makmur.

(collectively referred to as the 'Proposals').

Details of the Proposals are set out in the Circular to Shareholders dated 28 April 2016.

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



TANAH MAKMUR BERHAD (841938-U)

11. GROUP BORROWINGS

Loans and borrowings as at 31 March 2016 comprise of:

	<u>Amount</u> RM'000
11.1	<i>Current loans and borrowings</i>
	Business Financing-i (plantation) 1,904
	Bai BithamanAjil Term Financing-i 728
	Business Financing-i (property) 3,273
	Term Loan-Cash Line Term Financing-i 8,512
	Obligations under finance leases 406
	14,823
11.2	<i>Non-current loans and borrowings</i>
	Business Financing-i (plantation) 5,933
	Bai BithamanAjil Term Financing-i 6,513
	Business Financing-i (property) 16,487
	Term Loan-Cash Line Term Financing-i -
	Obligations under finance leases 940
	29,873
	Total loans and borrowings <u><u>44,696</u></u>
11.3	<i>Total loans and borrowings</i>
	<u><i>Secured:</i></u>
	Business Financing-i (plantation) 7,837
	Bai BithamanAjil Term Financing-i 7,241
	Bai Bithaman Ajil (property) 19,760
	Term Loan-Cash Line Term Financing-i 8,512
	Obligation under finance leases 1,346
	Total secured loan and borrowings <u><u>44,696</u></u>
	<u><i>Unsecured</i></u>
	-
	Total unsecured loans and borrowings <u><u>-</u></u>
	Total loans and borrowings <u><u>44,696</u></u>

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 period under review.

13. MATERIAL LITIGATION

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



TANAH MAKMUR BERHAD (841938-U)

14. DIVIDEND

For the financial year ending 31 December 2016.

No interim dividend has been declared for the financial period ended 31 March 2016.

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 period:-

	Current quarter		Cumulative quarter	
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
	3 months ended		3 months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
Profit for the period attributable to equity holders of the Company (RM'000)	6,965	13,142	6,965	13,142
Weighted average number of ordinary shares in issue ('000)	398,160	398,160	398,160	398,160
Basic EPS attributable to equity holders of the Company (sen)	1.75	3.30	1.75	3.30

(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 period are analysed as follow:

	As At 31/03/2016 RM'000	As At 31/12/2015 RM'000
Total retained earnings of the Group		
- Realised	158,247	151,178
- Unrealised	30,113	30,217
	188,360	181,395

