TH PLANTATIONS BERHAD (12696-M)

MEDIA RELEASE

TH PLANTATIONS RECORDS RM11.6 MILLION PROFIT AFTER TAX IN 1H2015

KUALA LUMPUR, 28th August 2015 – TH Plantations Berhad ("THP" or the "Group") today announced its second quarter ("2Q2015") and first half for the year 2015 ("1H2015") financial results, reporting a 2Q2015 Profit After Tax ("PAT") of RM6.5 million on the back of RM110.2 million revenue. Both the Group's PAT and revenue declined by 75% and 17% respectively, compared to the corresponding quarter last year.

For the first half for the year 2015 ("1H2015"), THP recorded a Profit After Tax ("PAT") of RM11.6 million, underpinned by a RM192.5 million revenue. The 1H2015 PAT and revenue declined by 67% and 25% respectively, against the corresponding period last year.

The prolonged dry weather experienced in the first half of last year and the adverse wet weather at the end of 2014 have brought upon deeper effects on production than initially expected, thereby impacting the overall earnings of the Group. The Group's production was also impacted by the large proportion of younger estates, with 33% of its with oil palm planted area being first and second-year harvests, which yield lower FFB compared to prime mature estates. Although the Group's Fresh Fruit Bunches ("FFB") production improved in 2Q2015, increasing 2% from the corresponding quarter last year to 189,610 metric tonnes, its 1H2015 FFB production declined by 9% from the same period last year to 327,598 metric tonnes. The Group's 2Q15 and 1H2015 Crude Palm Oil ("CPO") production increased by 9% to 41,604 metric tonnes and declined by 7% to 72,656 metric tonnes, respectively.

The Group's earning was also impacted by lower commodity prices. Its average CPO realised prices for 2Q15 was RM2,092 per metric tonne and RM2,121 per metric tonne for 1H2015, a decline of 17% and 16% respectively compared to their corresponding periods last year.

Commenting on the performance of the Group, Dato' Zainal Azwar bin Zainal Aminuddin, Chief Executive Officer and Executive Director of THP, said "2015 has turned out to be even more challenging for the palm oil sector than anticipated. Commodity prices, which were initially expected to improve, remain lacklustre, and we do not expect prices to show a meaningful recovery for the rest of the year. We are also observing stiffer competition from other edible oils, while China's lower offtake of palm oil products has exerted additional pressure on stocks in both Malaysia and Indonesia. In recent weeks, the MYR has depreciated against other major currencies, particularly the USD. For us, this will lead to higher cost of agricultural inputs including fertilisers (which are a major cost for all planters), pesticides as well as plantation machineries. All these will weigh down further on our profit margins, which have already narrowed in the first 2 quarters of this year, driven by lower production due to the effects of past year's erratic weather patterns."

He added, “Undeniably, most of the challenges faced by the sector are due to factors that are beyond our control, hence we can only hope that the industry’s downward cycle is bottoming out and things will turn for the positive in the medium term. In the meantime, we are doing our best to mitigate all these challenges, particularly those that are within our control, as best as we can. We are tightening our belts and have implemented comprehensive cost control measures throughout our operations. Although these may not be enough to negate the impact of the current operating and economic challenges, they will at least help us cushion the effects.”

Despite the headwinds faced by the palm oil sector currently, the Group is confident that the long term fundamentals of the industry remain intact, and that the demand for palm oil will grow in tandem with the growth of the world population. The Group is focused on cultivating growth and setting the stage to benefit from the higher demand for palm oil with its enlarged land bank. Through a structured development and replanting programme carried out in the past few years, the Group’s area planted with oil palm now spans over 60,000 hectares spread throughout Malaysia, at an average age of 9 years. Approximately 59% of the Group’s mature area is made up of young estates, with more coming into maturity in the near future, promising a steady revenue growth in coming years. The Group’s yield and oil extraction rate improvement programmes are also ongoing, while its consolidation of brownfield acquisitions is progressing well. All these initiatives will collectively deliver strong revenue growth in the medium to longer term, particularly when the young estates in the Group’s portfolio transition into the prime mature age bracket in the next few years.

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About TH Plantations Berhad

THP is a subsidiary of ***TH***, incorporated on the 28 August 1972 and listed on the main board of Bursa Malaysia Securities Berhad on 27 April 2006. Its principal activities are investment holding, cultivation of oil palm, processing of FFB, marketing of CPO, palm kernel and FFB.

As at 30 June 2015, the Group has approximately 96,000 hectares of land located in Pahang, Johor, Negeri Sembilan, Terengganu, Sabah and Sarawak, of which about 60,000 hectares have been planted with oil palm. Additionally, the Group owns about 8,400 hectares of greenfield land in Kalimantan, Indonesia. To diversify its income stream in coming years, approximately 6,000 hectares of its land bank have been planted with rubber and more are in the course of planting.

The Group also owns and operates seven palm oil mills located in Johor, Pahang, Negeri Sembilan, Sabah and Sarawak with a total FFB processing capacity of 1,350,000 metric tonnes per annum.

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