



# TH Plantations Berhad

(Company No. 12696-M)  
(Incorporated in Malaysia)

## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

The Directors are pleased to announce the unaudited consolidated results for the first quarter ended 31 March 2020.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		UNAUDITED	
		FIRST QUARTER	
		CURRENT YEAR	PRECEDING YEAR
		31.03.2020	31.03.2019
		RM'000	RM'000
	<b>Note</b>		
<b>Revenue</b>	27	115,551	115,283
Fair value change in biological assets	18.1	(10,799)	6,664
Cost of sales		(79,156)	(97,069)
<b>Gross profit</b>		25,596	24,878
Other income	7	1,040	586
Administrative expenses	8	(8,188)	(7,534)
Other expenses	9	(19,185)	(1,073)
<b>Results from operating activities</b>		(737)	16,857
Profit margin income from short-term investments and receivables		304	98
Finance cost	10	(14,055)	(19,988)
<b>Net finance cost</b>		(13,751)	(19,890)
<b>Loss before tax</b>	27	(14,488)	(3,033)
Tax credit/ (expense)	31	1,540	(5,869)
<b>Loss for the period</b>	27	(12,948)	(8,902)
<b>Other comprehensive income, net of tax</b>			
<b>Items that are or may be reclassified subsequently to profit and loss, net of tax</b>			
Foreign currency translation differences for foreign operations		7,162	126
<b>Total comprehensive expenses for the period</b>		(5,786)	(8,776)



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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Note	UNAUDITED	
		FIRST QUARTER	
		CURRENT YEAR	PRECEDING YEAR
		31.03.2020	31.03.2019
		RM'000	RM'000
<b>Loss attributable to:</b>			
Owners of the Company		(11,531)	(8,091)
Non-controlling interests		(1,417)	(811)
<b>Loss for the period</b>		(12,948)	(8,902)
<b>Total comprehensive expense attributable to:</b>			
Owners of the Company		(4,871)	(7,974)
Non-controlling interests		(915)	(802)
<b>Total comprehensive expense for the period</b>		(5,786)	(8,776)
<b>Basic loss per ordinary share (sen)</b>	38	(1.30)	(0.92)
<b>Diluted loss per ordinary share (sen)</b>	38	(1.30)	(0.92)

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31.03.2020	As at 31.12.2019
		RM'000	RM'000
<b>Assets</b>			
Property, plant and equipment		859,414	774,085
Right-of-use – property, plant and equipment		632,189	634,060
Plantation development expenditure	14	21,646	111,410
Forestry	15	6,385	6,385
Intangible asset	16	-	-
Other investments	17	1,825	1,825
Deferred tax assets		33,873	34,295
<b>Total non-current assets</b>		<b>1,555,332</b>	<b>1,562,060</b>
Inventories		7,705	7,902
Current tax assets		6,042	6,744
Biological assets	18	29,264	35,405
Other investments	17	1,239	1,239
Trade and other receivables		31,530	31,375
Prepayments and other assets		7,535	8,022
Cash and cash equivalents	19	37,067	68,953
		120,382	159,640
Assets classified as held for sale	20	1,014,076	1,014,902
<b>Total current assets</b>		<b>1,134,458</b>	<b>1,174,542</b>
<b>Total assets</b>		<b>2,689,790</b>	<b>2,736,602</b>



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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 31.03.2020	As at 31.12.2019
		RM'000	RM'000
<b>Equity</b>			
Capital and reserve		775,231	768,571
Accumulated losses		(215,674)	(204,143)
<b>Equity attributable to owners of the Company</b>		559,557	564,428
<b>Non-controlling interests</b>		252,461	253,376
<b>Total equity</b>		812,018	817,804
<b>Liabilities</b>			
Loans and borrowings	35	1,074,461	1,139,644
Lease liabilities		73,101	75,121
Employee benefits		651	730
Deferred tax liabilities		191,483	193,102
Trade and other payables		10,392	9,826
<b>Total non-current liabilities</b>		1,350,088	1,418,423
Loans and borrowings	35	169,015	139,771
Lease liabilities		5,198	1,605
Trade and other payables		201,205	209,610
Current tax liabilities		244	685
		375,662	351,671
Liabilities classified as held for sale	20	152,022	148,704
<b>Total current liabilities</b>		527,684	500,375
<b>Total liabilities</b>		1,877,772	1,918,798
<b>Total equity and liabilities</b>		2,689,790	2,736,602
<b>Net tangible assets per share (RM)</b>		0.63	0.64

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



# TH Plantations Berhad

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2020

Group	Note	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/ Distributable							
		Share capital RM'000	Other reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Retained earnings/ Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>At 1 January 2019</b>		862,752	(80,958)	(11,790)	770,004	22,355	792,359	302,736	1,095,095
Foreign currency translation differences for foreign operations		-	-	(1,456)	(1,456)	-	(1,456)	(110)	(1,566)
Remeasurement loss on defined benefit liability		-	23	-	23	-	23	2	25
Total other comprehensive income for the year		-	23	(1,456)	(1,433)	-	(1,433)	(108)	(1,541)
Loss for the year		-	-	-	-	(226,498)	(226,498)	(46,636)	(273,134)
<b>Total comprehensive income for the year</b>		-	23	(1,456)	(1,433)	(226,498)	(227,931)	(46,744)	(274,675)
<i>Contribution by and distribution to owners of the Group</i>									
Dividends to owners of the Company		-	-	-	-	-	-	-	-
Dividends to non-controlling interests		-	-	-	-	-	-	(2,616)	(2,616)
<b>Total transactions with owners of the Group</b>		-	-	-	-	-	-	(2,616)	(2,616)
<b>At 31 December 2019</b>		862,752	(80,935)	(13,246)	768,571	(204,143)	564,428	253,376	817,804



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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (continued)

Group	Note	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/					Distributable Retained earnings/ Accumulated losses RM'000	Non- controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Other reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Total RM'000			
<b>At 1 January 2020,</b>		862,752	(80,935)	(13,246)	768,571	(204,143)	564,428	253,376	817,804
Foreign currency translation differences for foreign operations		-	-	6,660	6,660	-	6,660	502	7,162
Total other comprehensive income for the year		-	-	6,660	6,660	-	6,660	502	7,162
Loss for the year		-	-	-	-	(11,531)	(11,531)	(1,417)	(12,948)
<b>Total comprehensive income for the year</b>		-	-	6,660	6,660	(11,531)	(4,871)	(915)	(5,786)
<i>Contribution by and distribution to owners of the Group</i>									
Dividends to owners of the Company		-	-	-	-	-	-	-	-
Dividends to non-controlling interests		-	-	-	-	-	-	-	-
<b>Total transactions with owners of the Group</b>		-	-	-	-	-	-	-	-
<b>At 31 March 2020</b>		<b>862,752</b>	<b>(80,935)</b>	<b>(6,586)</b>	<b>775,231</b>	<b>(215,674)</b>	<b>559,557</b>	<b>252,461</b>	<b>812,018</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



# TH Plantations Berhad

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

	FOR THE FIRST QUARTER ENDED	
	31.03.2020	31.03.2019
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(14,488)	(3,033)
Adjustment for non-cash items	53,444	31,917
<b>Operating profit before changes in working capital</b>	38,956	28,884
Net changes in working capital	(6,779)	(13,080)
<b>Cash generated from operations</b>	32,177	15,804
Profit margin income from short-term investments and other receivables	304	98
Finance cost	(10,016)	(13,622)
Tax paid	(2,800)	(4,493)
Tax refund	3,215	374
<b>Net cash used in operating activities</b>	22,880	(1,839)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(241)	(2,481)
Decrease in other investment	-	36
Plantation development expenditure	(12,652)	(8,705)
Forestry	(3,117)	(1,669)
<b>Net cash used in investing activities</b>	(16,010)	(12,819)



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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (continued)

	Note	FOR THE FIRST QUARTER ENDED	
		31.03.2020	31.03.2019
		RM'000	RM'000
<b>Cash flows from financing activities</b>			
Dividends paid to owners of the Company		-	(58)
Proceeds from drawdown of loans and borrowings		-	7,498
Proceeds from drawdown of tradeline		32,220	29,188
Loan repayment		(70,976)	(43,668)
<b>Net cash used in financing activities</b>		<b>(38,756)</b>	<b>(7,040)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(31,886)</b>	<b>(21,698)</b>
Cash and cash equivalents at 1 January		68,953	50,969
<b>Cash and cash equivalents at end of the period</b>		<b>37,067</b>	<b>29,271</b>

### Cash and cash equivalents comprise:

	Note	FOR THE FIRST QUARTER ENDED	
		31.03.2020	31.03.2019
		RM'000	RM'000
Deposits		26,794	16,596
Less: Other investments		(1,825)	(1,851)
	19	24,969	14,745
Cash and bank balances	19	12,098	14,526
		<b>37,067</b>	<b>29,271</b>





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## **NOTES PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

### **1. Basis of Preparation**

The interim financial statements have been prepared under the historical cost basis unless otherwise stated.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

### **2. Significant Accounting Policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2019.

### **3. Estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, certain judgements made by management in applying the Group's accounting policies and the key sources of estimation, were the same as those applied to the financial statements as at and for the year ended 31 December 2019.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed below :

(i) **Depreciation of estate**

The rate used to depreciate the estate is based on the general rule of the normal palm oil trees production trend.

(ii) **Recoverable amount of plantation development expenditure ("PDE")**

Management reviews its PDE for objective evidence of impairment at least quarterly. Significant delay in maturity is considered as an indication of impairment. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the performance of the PDE, or whether there have been significant changes with adverse effect in the market environment in which the PDE operates in.



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### **3. Estimates (continued)**

(iii) **Intangible assets-goodwill**

Measurement of recoverable amounts of cash generating units is derived based on value in use of the cash generating unit.

(iv) **Deferred income**

Determination of the fair value of the soft loan received from Government agency for development and maintenance of rubber trees (forestry) were determined using the Group financing rate of 7.85% and the difference between the fair value and nominal value is treated as government grant.

(v) **Forestry**

The fair value of the assets is determined using valuation prepared by external, licensed independent property valuer as at 31 December 2019. The directors of the Group are of the opinion that there is no material change in the fair value of forestry during the quarter.

(vi) **Contingencies**

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

(vii) **Deferred tax**

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing our ability to utilise tax benefits through future earnings.

### **4. Auditors' Report on Preceding Annual Financial Statements**

The auditors have expressed an unqualified opinion on the Group's statutory consolidated financial statements for the year ended 31 December 2019 in their report dated 3 June 2020.

### **5. Seasonal or Cyclical Factors**

The Group's plantation operations are affected by seasonal crop production and weather conditions.

### **6. Unusual Items Due To Their Nature, Size or Incidence**

There are no unusual items affecting assets, liabilities, equity and net income.



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### 7. Other income

Other income consist of the following:

- a) Management fees
- b) Sundry income

31.03.2020	31.03.2019
RM'000	RM'000
369	299
671	287
1,040	586

### 8. Administrative expenses

Administrative expenses consist of the followings:

- a) Overhead expenses
- b) Sundry expenses

31.03.2020	31.03.2019
RM'000	RM'000
5,609	5,684
2,579	1,850
8,188	7,534

### 9. Other expenses

Other expenses consist of the followings:

- a) Head Office Depreciation
- b) Impairment loss on plantation development expenditure
- c) Unrealised foreign exchange loss
- d) Miscellaneous expenses

31.03.2020	31.03.2019
RM'000	RM'000
304	921
137	-
18,413	-
331	152
19,185	1,073



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### 10. Finance cost

Finance cost on:

- loans and borrowings
- profit margin expense on related companies
- lease liability

31.03.2020	31.03.2019
RM'000	RM'000
11,766	15,967
62	814
2,227	3,207
14,055	19,988

### 11. Changes in Estimated Amounts Reported in Prior Period Which Have Effect on the Current Period

There were no changes in estimated amounts reported in prior period.

### 12. Changes in Debt and Equity Securities

During the year under review, The Group has made a principal repayment amounting to RM40.0 million Commodity Murabahah Term Financing-i at an effective profit margin rate of 5.65%.

Apart from the above, there were no other issuances, cancellations, repurchases, resale of debt and equity securities in the period.

### 13. Dividends

There were no dividends declared nor paid during the first quarter ended 31 March 2020.



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## 14. Plantation development expenditure

	OIL PALM		TEAK		TOTAL	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	109,423	84,842	1,987	-	111,410	84,842
Additions during the year	12,825	42,783	30	154	12,855	42,937
Addition of nurseries	360	1,703	-	-	360	1,703
Transfer to property, plant and equipment	(97,611)	(35,904)	-	-	(97,611)	(35,904)
Impairment	-	(20,316)	(30)	-	(30)	(20,316)
Reversal of impairment	-	-	-	1,833	-	1,833
Transfer from assets held for sale	-	35,633	-	-	-	35,633
Transfer to Assets held for sale	-	(1,928)	-	-	-	(1,928)
Effect of movement in exchange rate	(5,338)	2,610	-	-	(5,338)	2,610
	19,659	109,423	1,987	1,987	21,646	111,410

## 15. Forestry

	31.03.2020	31.12.2019
	RM'000	RM'000
At 1 January	6,385	49,825
Addition during the year	3,203	25,083
Transfer from nurseries	-	(13,385)
Addition charged to profit and loss	(3,203)	(11,923)
Change in fair value recognised to profit or loss	-	(43,215)
	6,385	6,385



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### 16. Intangible asset

	31.03.2020	31.12.2019
	RM'000	RM'000
<b>Cost</b>		
Goodwill	-	-
Transfer from assets held for sale	-	9,761
Impairment	-	(9,761)
	-	-

### 17. Other investments

	31.03.2020	31.12.2019
	RM'000	RM'000
<b>Non-current</b>		
Available-for-sale financial assets – stated at cost	1,825	1,825
<b>Current</b>		
Deposits placed with licensed banks (maturity period more than 3 months)	1,239	1,239
	3,064	3,064

### 18. Biological assets

	31.03.2020	31.12.2019
	RM'000	RM'000
At 1 January	35,405	35,658
Change in fair value recognised to profit or loss	(6,141)	7,405
	29,264	43,063
Transfer from asset held for sale	-	1,417
Transfer to assets held for sale	-	(9,075)
	29,264	35,405



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### 18. Biological assets (continued)

18.1 Breakdown of changes in fair value of biological assets recognised in profit or loss for the year, are as follows:

	31.03.2020	31.12.2019
	RM'000	RM'000
Biological asset	(6,141)	7,405
Biological asset Classified as asset held for sale	(4,658)	3,626
	(10,799)	11,031

Biological assets comprise of produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested.

### 19. Cash and cash equivalents

	31.03.2020	31.12.2019
	RM'000	RM'000
Deposits placed with licensed banks	24,969	58,423
Cash and bank balances	12,098	10,708
	37,067	69,131
Transfer to assets held for sale	-	26
Transfer to assets held for sale	-	(204)
	37,067	68,953



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### 20. Group assets held for sale

On 26 November 2018, the Board of Directors had approved in principle the disposals of THP-YT Plantation Sdn. Bhd. ("THPYT"), TH PELITA Meludam Sdn. Bhd. ("THPM"), TH PELITA Beladin Sdn. Bhd. ("THPBel"), TH PELITA Simunjan Sdn. Bhd. ("THPSim"), Hydroflow Sdn. Bhd. ("HYD"), Bumi Suria Ventures Sdn. Bhd. ("BSV") and Maju Warisanmas Sdn. Bhd. ("MWM").

Apart from the companies mentioned above, the Board of Directors had approved the disposals of TH Bonggaya Sdn. Bhd. ("THB"), TH-USIA Jatimas Sdn. Bhd. ("THUJ") and PT Persada Kencana Prima (PTPKP) on 27 February 2019.

Subsequently, on 1 August 2019, the Board of Directors had approved the proposal to dispose four additional subsidiary companies which are THP Saribas Sdn. Bhd. ("THPS"), THP Ibok Sdn. Bhd. ("THPI"), TH PELITA Gedong Sdn. Bhd. ("THPGed") and TH PELITA Sadong Sdn. Bhd. ("THPSad").

Efforts to sell have commenced, and sale is expected to be completed within twelve (12) months from the approval date except for HYD, THB, THUJ, PTPKP, THPS and THPI of which the Board is of the opinion that completion will take more than 12 months, hence those companies were not being reclassified as asset held for sale. Assets classified as held for sale are as below:

#### Group Assets classified as held for sale

		<b>31.03.2020</b>
		<b>RM'000</b>
Property, plant and equipment ("PPE")	Note a	660,971
Right-of-use – PPE	b	249,390
Plantation development expenditure ("PDE")		40,971
Deferred tax assets		32,173
Biological assets		13,216
Inventories		1,790
Current tax assets		992
Trade and other receivables		12,679
Prepayment and Other assets		144
Cash and cash equivalents		1,750
		<b>1,014,076</b>

#### Liabilities classified as held for sale

	<b>31.03.2020</b>
	<b>RM'000</b>
Lease liabilities	35,678
Deferred tax liability	83,391
Payables and accruals	32,395
Current tax payable	558
	<b>152,022</b>





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### 20. Group assets held for sale (continued)

#### Note

a) Property, plant and equipment held for sale comprise the following:

	<b>31.03.2020</b>
	<b>RM'000</b>
Cost	914,889
Accumulated depreciation	(253,918)
	<b>660,971</b>

b) Right-of-use-PPE held for sale comprise the following:

	<b>31.03.2020</b>
	<b>RM'000</b>
Cost	355,722
Accumulated depreciation	(106,332)
	<b>249,390</b>



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### 21. Operating segments

	Oil palm Plantation	Forestry	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>RESULTS FOR FIRST QUARTER ENDED</b>				
<b>31 MARCH 2020</b>				
External operating revenue	115,551	-	-	115,551
Inter-segment revenue	18,392	-	(18,392)	-
Total operating revenue	133,943	-	(18,392)	115,551
Fair value change in biological assets	(10,799)	-	-	(10,799)
Other income	24,821	72	(23,549)	1,344
	147,965	72	(41,941)	106,096
Operating expenses	(101,161)	(755)	22,760	(79,156)
Segment results	46,804	(683)	(19,181)	26,940
Other expenses	(38,480)	(74)	11,181	(27,373)
Finance cost	(36,307)	(2,950)	25,202	(14,055)
<b>Loss before tax</b>	<b>(27,983)</b>	<b>(3,707)</b>	<b>17,202</b>	<b>(14,488)</b>
<b>RESULTS FOR FIRST QUARTER ENDED</b>				
<b>31 MARCH 2019</b>				
External operating revenue	115,283	-	-	115,283
Inter-segment revenue	15,905	-	(15,905)	-
Total operating revenue	131,188	-	(15,905)	115,283
Fair value change in biological assets	6,664	-	-	6,664
Other income	23,472	-	(22,788)	684
	161,324	-	(38,693)	122,631
Operating expenses	(109,272)	(1,205)	13,408	(97,069)
Segment results	52,052	(1,205)	(25,285)	25,562
Other expenses	(13,303)	(112)	4,808	(8,607)
Finance cost	(33,537)	(2,829)	16,378	(19,988)
<b>Profit / (Loss) before tax</b>	<b>5,212</b>	<b>(4,146)</b>	<b>(4,099)</b>	<b>(3,033)</b>



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### 21. Operating segments (continued)

	Oil palm Plantation	Forestry	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>ASSETS AND LIABILITIES AS AT 31 MARCH 2020</b>				
Assets that belong to the Group	3,340,526	23,334	(674,070)	2,689,790
<b>Total Assets</b>	<b>3,340,526</b>	<b>23,334</b>	<b>(674,070)</b>	<b>2,689,790</b>
Liabilities that belong to the Group	2,618,486	210,340	(951,054)	1,877,772
<b>Total liabilities</b>	<b>2,618,486</b>	<b>210,340</b>	<b>(951,054)</b>	<b>1,877,772</b>
<b>ASSETS AND LIABILITIES AS AT 31 DECEMBER 2019</b>				
Assets that belong to the Group	3,595,066	23,297	(881,761)	2,736,602
<b>Total Assets</b>	<b>3,595,066</b>	<b>23,297</b>	<b>(881,761)</b>	<b>2,736,602</b>
Liabilities that belong to the Group	2,594,856	206,596	(882,654)	1,918,798
<b>Total liabilities</b>	<b>2,594,856</b>	<b>206,596</b>	<b>(882,654)</b>	<b>1,918,798</b>



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### 22. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment during the current quarter under review.

### 23. Material Event Subsequent to the Balance Sheet Date

There is no material event which occurred subsequent to the balance sheet date of this announcement except as disclosed in Note 29.

### 24. Contingent Liabilities

The Directors are of the opinion that the Group has no contingent liabilities which may have a material impact on the financial position and business of the Group as at 25 June 2020.

### 25. Capital and Other Commitments Outstanding Not Provided For In the Interim Financial Report

Approved and contracted for  
Approved but not contracted for

31.03.2020
RM'000
1,595
66,072
67,667

### 26. Material Related Party Transactions

Transacting Parties	Relationship	Nature of transactions	For the first quarter ended 31.03.2020 RM'000
<b>Transactions with THP</b> Lembaga Tabung Haji	Holding Corporation	Lease of land	732
<b>Transactions with THP Group</b> TH Travel Sdn Bhd Deru Semangat Sdn Bhd	Related Company Related Company	Purchase of flight ticket Management fees	19 49

Save as the above, there are no other material related party transactions.



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### NOTES PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### 27. Review of Group's Financial Performance

	UNAUDITED FIRST QUARTER		VARIANCE	
	CURRENT YEAR	PRECEDING YEAR		
	31.03.2020	31.03.2019		
	RM'000	RM'000	RM'000	%
Revenue	115,551	115,283	268	0.23
Fair value change in biological assets	(10,799)	6,664	(17,463)	(262.05)
Operating profit	25,596	24,878	718	2.89
Profit Before Interest and Tax ("PBIT")	(737)	16,857	(17,594)	(104.37)
Loss Before Tax ("LBT")	(14,488)	(3,033)	(11,455)	(377.68)
Loss After Tax ("LAT")	(12,948)	(8,902)	(4,046)	(45.45)
Loss attributable to owners of the Company ("LATAMI")	(11,531)	(8,091)	(3,440)	(42.52)

	FIRST QUARTER		VARIANCE	
	2020	2019		
	MT	MT		
<b>Sales volume</b>				
Crude palm oil ("CPO")	35,732	47,505	(11,773)	(24.78)
Palm kernel ("PK")	7,798	10,906	(3,108)	(28.50)
Fresh Fruit Bunches ("FFB")	20,156	30,043	(9,887)	(32.91)

	FIRST QUARTER		VARIANCE	
	2020	2019		
	RM/MT	RM/MT		
<b>Average realised prices</b>				
Crude palm oil	2,580	1,924	656	34.10
Palm kernel	1,668	1,241	427	34.41
FFB	513	345	168	48.70



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### **27. Review of Group's Financial Performance (continued)**

#### **Overall**

The Group's revenue for the first quarter ended 2020 (1Q20) higher by 0.23% to RM115.55 million due to higher average realised prices for CPO, PK and FFB despite of lower sales volume for CPO, PK and FFB. At operating level, the Group has recorded a higher operating profit by 2.89% as compared to 1Q19. However, the Group incurred higher LBT of RM14.49 million as compared to RM3.03 million in 1Q19 mainly due to unrealised foreign exchange loss amounting to RM18.41 million. Excluding unrealised foreign exchange loss and fair value change in biological assets, the Group registered PBT of RM14.72 million.

#### **Plantation sector**

In 1Q20, Plantations sectors has registered a higher revenue by 0.23% due to higher average realised prices for CPO, PK and FFB despite of lower sales volume for CPO, PK and FFB. Plantation sector recorded LBT of RM27.98 million as compared to PBT of RM5.21 million in the corresponding quarter in previous year mainly due to:

- a) Lower fair value change in fair value of biological asset by RM17.46 million.
- b) Unrealised foreign exchange loss amounting to RM18.41 million.

#### **Forestry sector**

For 1Q20, the forestry sector recorded a lower LBT of RM3.71 million, as compared to RM4.15 million in 1Q19. This is a result of lower operating expenses in 1Q19.



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### 28. Material Changes in the Quarterly Results Compared To the Preceding Quarter

	2020	2019	VARIANCE	
	Quarter 1	Quarter 4		
	RM'000	RM'000	RM'000	%
Revenue	115,551	136,247	(20,696)	(15.19)
Fair value change in biological assets	(10,799)	787	(11,586)	(1,472.17)
Fair value change in forestry	-	(43,215)	43,215	100.00
Operating profit /(loss)	25,596	(11,436)	37,032	323.82
Profit/ (Loss) Before Interest and Tax ("PBIT/LBIT")	(737)	(150,401)	149,664	99.51
Loss Before Tax ("LBT")	(14,488)	(164,098)	149,610	91.17
Loss After Tax ("LBT")	(12,948)	(201,475)	188,527	93.57
Loss attributable to owners of the Company ("LATAMI")	(11,531)	(167,648)	156,117	93.12

	2020	2019	VARIANCE	
	Quarter 1	Quarter 4		
	MT	MT	MT	%
<b>Sales volume</b>				
Crude palm oil	35,732	47,120	(11,388)	(24.17)
Palm kernel	7,798	10,170	(2,372)	(23.32)
FFB	20,156	50,822	(30,666)	(60.34)

	2020	2019	VARIANCE	
	Quarter 1	Quarter 4		
	RM/MT	RM/MT	RM/MT	%
<b>Average realised prices</b>				
Crude palm oil	2,580	2,133	447	20.96
Palm kernel	1,668	1,286	382	29.70
FFB	513	445	68	15.28



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### **28. Material Changes in the Quarterly Results Compared To the Preceding Quarter (continued)**

#### **Overall**

The Group's revenue decreased by 15.19% to RM115.55 million compared to the preceding quarter mainly due to lower sales volume for CPO, PK and FFB despite of higher average realised prices for CPO, PK and FFB. At operating level, the Group has recorded a higher operating profit by 323.82% as compared to 4Q19 mainly due to changes in the fair value of forestry by RM43.22 million. The Group incurred a lower LBT of RM14.49 million in 1Q20 compared to RM164.10 million in 4Q19 due to impairment of plantation assets amounting to RM202.10 million was recognised in 4Q19.

#### **Plantation sector**

The Plantation sector registered a lower LBT of RM27.98 million in the current quarter compared to RM146.73 million in the preceding quarter. A few factors contributed to the significant change in results, as follows:

- (i) Lower operating expenses by RM25.78 million in 1Q20.
- (ii) An impairment of plantation assets amounting to RM202.10 million was recognised in 4Q19.

#### **Forestry sector**

For 1Q20, the forestry sector registered a lower LBT of RM3.71 million compared to RM49.19 million LBT in preceding quarter. This is due to the fact that the Group had recognised a change in fair value of forestry amounting to RM43.22 million in 4Q19. As disclosed in Note 3 (v), the fair value of forestry is assessed annually during the fourth quarter.





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### 29. Current Year Prospects

The outlook for the Group's overall financial performance for the financial year ending 31 December 2020 will largely depends on the movement of palm products prices and the progress of its Strategic Recovery Plan. As the COVID-19 pandemic continues to affect economies worldwide, the Group expects palm oil prices for the year to be influenced by the impact of the pandemic on the world edible oil market, global economic conditions and the implementation of biodiesel mandates in Malaysia and Indonesia."

In addition, the timing for the realisation of the disposal of certain assets that are classified as held for sale might be delayed beyond the next twelve (12) months as the result of the COVID-19 outbreak.

The Group and the Company are actively monitoring and managing the Group's and the Company's operations to minimise any impacts that may arise from Covid-19.

### 30. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast for the current quarter under review.

### 31. Taxation

	UNAUDITED FIRST QUARTER	
	Current year RM000	Preceding year RM000
Current	(4,094)	(4,862)
Deferred	5,634	(1,007)
	1,540	(5,869)

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the quarter.

Current year tax for 1Q20 was lower compared to last year due to higher deferred tax assets recognised during the year.

### 32. Unquoted Investments and /or Properties

There were no purchases or disposals of unquoted investments for the current quarter under review.

### 33. Quoted Investments

There were no purchases of quoted investments for the current quarter under review.



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### 34. Status of Corporate Proposals

- a) On 5 December 2019, the company had entered into A Conditional Sale and Purchase of Shares Agreement with Tamaco Plantation Sdn. Bhd. to dispose 100% equity interests in BSV and MWM for a total consideration of RM170 million.
- b) On 3 March 2020, THP had entered into a a Share Purchase Agreement (“SPA”) with TDM Berhad (“TDM”) to dispose 70% equity interests in THPYT for a cash consideration of RM7.0 million and settlement of RM62.0 million being part of the inter-company advances by THPYT to THP Suria Mekar Sdn. Bhd., a wholly-owned subsidiary of the Company.

As at announcement date, both proposals have yet to be completed, pending completion of certain conditions precedent.

Save as disclosed above, there are no other corporate proposals announced but not completed as at end of period review.

### 35. Group Borrowings

As at 31 March 2020, total borrowings are as follows:

Note	As at	As at
	31.03.2020	31.12.2019
	RM'000	RM'000
<b>Non-current</b>		
<b>Secured</b>		
Commodity Murahabah Term Financing-i (THPS)	207,523	200,482
Commodity Murahabah Term Financing-i (PTPKP)	48,552	46,254
<b>Unsecured</b>		
SUKUK Murahabah		
Medium Term Notes	780,000	855,000
Term Financing	38,386	37,908
	1,074,461	1,139,644
<b>Current</b>		
<b>Secured</b>		
Commodity Murahabah Revolving credit-i	60,000	60,000
Commodity Murahabah Term Financing-i (THPS)	22,500	29,500
<b>Unsecured</b>		
SUKUK Murahabah		
Medium Term Notes	75,000	40,000
Islamic Trade Financing-i	11,515	10,271
	169,015	139,771
	1,243,476	1,279,415



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### 35. Group Borrowings (continued)

#### ***Maturity analysis***

Tenure	Year of maturity	SUKUK	Other Financial Instruments	TOTAL	Foreign Currency denominated loan
		RM'000	RM'000	RM'000	USD'000
Within 1 years	2020	-	86,515	86,515	-
1-2 years	2021	75,000	30,000	105,000	-
2-3 years	2022	100,000	30,000	130,000	1,000
3-4 years	2023	105,000	33,000	138,000	2,000
4-5 years	2024	110,000	37,000	147,000	2,000
5-6 years	2025	120,000	39,500	159,500	2,000
6-7 years	2026	145,000	45,523	190,523	4,279
7-8 years	2027	200,000	-	200,000	-
8-9 years	2028	-	-	-	-
9-10 years	2029	-	38,386	38,386	-
		855,000	339,924	1,194,924	11,279

### 36. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

### 37. Material Litigation

There are no material litigations as at the date of this report.



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### 38. Earnings Per Share

		UNAUDITED FIRST QUARTER	
		Current Year	Preceding Year
<b>Basic loss per share</b>			
Loss attributable to shareholders	<b>RM'000</b>	(11,531)	(8,091)
Weighted average number of ordinary shares in issue	<b>000</b>	883,851	883,851
Basic loss per share	<b>sen</b>	<b>(1.30)</b>	<b>(0.92)</b>
<b>Diluted loss per share</b>			
Loss attributable to shareholders	<b>RM'000</b>	(11,531)	(8,091)
Weighted average number of ordinary shares in issue	<b>000</b>	883,851	883,851
Effect of dilution		-	-
Adjusted weighted average of ordinary shares in issue	<b>000</b>	883,851	883,851
Diluted loss per share	<b>sen</b>	<b>(1.30)</b>	<b>(0.92)</b>

### 39. Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 25 June 2020.

**By Order of the Board**  
**Aliatun binti Mahmud**  
**LS0008841**  
**Secretary**

**Kuala Lumpur**  
**25 June 2020**