



TH Plantations Berhad

Registration No. 197201001069 (12696-M)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

The Directors have pleasure in announcing the unaudited consolidated results for the third quarter ended 30 September 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | UNAUDITED | | | |
|--|------|---------------|----------------|--------------------|----------------|
| | | THIRD QUARTER | | CUMULATIVE QUARTER | |
| | | CURRENT YEAR | PRECEDING YEAR | CURRENT YEAR | PRECEDING YEAR |
| | | 30.09.2020 | 30.09.2019 | 30.09.2020 | 30.09.2019 |
| Note | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 28 | 167,430 | 136,007 | 410,551 | 357,403 |
| Fair value changes on biological Assets | 18.1 | 20,826 | 7,115 | 33,175 | 10,244 |
| Cost of sales | | (111,655) | (110,418) | (283,277) | (309,107) |
| Gross profit | | 76,601 | 32,704 | 160,449 | 58,540 |
| Other income | 7 | 10,406 | 855 | 11,788 | 2,656 |
| Administrative expenses | 8 | (6,853) | (7,233) | (23,103) | (23,686) |
| Other expenses | 9 | (26,686) | (55,208) | (44,590) | (58,120) |
| Results from operating Activities | | 53,468 | (28,882) | 104,544 | (20,610) |
| Profit margin income from short-term investments and receivables | | 208 | 128 | 633 | 335 |
| Finance cost | 10 | (15,900) | (20,037) | (56,458) | (60,637) |
| Net finance cost | | (15,692) | (19,909) | (55,825) | (60,302) |
| Profit/ (loss) before tax | 28 | 37,776 | (48,791) | 48,719 | (80,912) |
| Tax expense | 32 | (13,912) | 8,778 | (24,454) | 9,252 |
| Profit/ (loss) for the year | 28 | 23,864 | (40,013) | 24,265 | (71,660) |
| Other comprehensive income, net of tax | | | | | |
| Items that are or may be reclassified subsequently to profit and loss, net of tax | | | | | |
| Foreign currency translation differences for foreign operations | | 4,990 | 225 | 3,607 | 1,445 |
| Other comprehensive income, net of tax | | 4,990 | 225 | 3,607 | 1,445 |
| Total comprehensive income/ (expense) for the year | | 28,854 | (39,788) | 27,872 | (70,215) |



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

| | | UNAUDITED | | | |
|--|----|---------------|----------------|--------------------|----------------|
| | | THIRD QUARTER | | CUMULATIVE QUARTER | |
| | | CURRENT YEAR | PRECEDING YEAR | CURRENT YEAR | PRECEDING YEAR |
| | | 30.09.2020 | 30.09.2019 | 30.09.2020 | 30.09.2019 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/ (loss) attributable to: | | | | | |
| Owners of the Company | | 15,772 | (31,609) | 12,398 | (58,850) |
| Non-controlling interests | | 8,092 | (8,404) | 11,867 | (12,810) |
| Profit/ (loss) for the year | | 23,864 | (40,013) | 24,265 | (71,660) |
| Total comprehensive income / (expense) attributable to: | | | | | |
| Owners of the Company | | 20,412 | (31,400) | 15,752 | (57,506) |
| Non-controlling interests | | 8,442 | (8,388) | 12,120 | (12,709) |
| Total comprehensive income/ (expense) for the year | | 28,854 | (39,788) | 27,872 | (70,215) |
| Basic earnings/ (loss) per ordinary share (sen) | 39 | 1.78 | (3.58) | 1.40 | (6.66) |
| Diluted earnings/ (loss) per ordinary share (sen) | 39 | 1.78 | (3.58) | 1.40 | (6.66) |

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 30.09.2020 | As at 31.12.2019 |
|---------------------------------------|------|---------------------|---------------------|
| | | RM'000 | RM'000 |
| Assets | | | |
| Property, plant and equipment | | 836,884 | 774,085 |
| Right-of-use | | 630,408 | 634,060 |
| Plantation development expenditure | 14 | 27,383 | 111,410 |
| Forestry | 15 | 6,385 | 6,385 |
| Intangible asset | 16 | - | - |
| Other investments | 17 | 1,825 | 1,825 |
| Deferred tax assets | | 29,048 | 34,295 |
| Total non-current assets | | 1,531,933 | 1,562,060 |
| Inventories | | 12,044 | 7,902 |
| Current tax assets | | 2,127 | 6,744 |
| Biological assets | 18 | 58,158 | 35,405 |
| Other investments | 17 | 1,255 | 1,239 |
| Trade and other receivables | | 43,784 | 31,375 |
| Prepayments and other assets | | 6,777 | 8,022 |
| Cash and cash equivalents | 19 | 80,292 | 68,953 |
| | | 204,437 | 159,640 |
| Assets classified as held for sale | 20 | 955,613 | 1,014,902 |
| Total current assets | | 1,160,050 | 1,174,542 |
| Total assets | | 2,691,983 | 2,736,602 |



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

| | Note | As at 30.09.2020 | As at 31.12.2019 |
|---|------|---------------------|---------------------|
| | | RM'000 | RM'000 |
| Equity | | | |
| Capital and reserve | | 771,926 | 768,571 |
| Accumulated losses | | (191,745) | (204,143) |
| Equity attributable to owners of the Company | | 580,181 | 564,428 |
| Non-controlling interests | | 268,405 | 253,376 |
| Total equity | | 848,586 | 817,804 |
| Liabilities | | | |
| Loans and borrowings | 36 | 1,077,312 | 1,139,644 |
| Lease liabilities | | 82,381 | 75,121 |
| Employee benefits | | 690 | 730 |
| Deferred tax liabilities | | 191,824 | 193,102 |
| Trade and other payables | | 11,523 | 9,826 |
| Total non-current liabilities | | 1,363,730 | 1,418,423 |
| Loans and borrowings | 36 | 134,750 | 139,771 |
| Lease liabilities | | 3,963 | 1,605 |
| Trade and other payables | | 191,796 | 209,610 |
| Current tax liabilities | | 6,408 | 685 |
| | | 336,917 | 351,671 |
| Liabilities classified as held for sale | 20 | 142,750 | 148,704 |
| Total current liabilities | | 479,667 | 500,375 |
| Total liabilities | | 1,843,397 | 1,918,798 |
| Total equity and liabilities | | 2,691,983 | 2,736,602 |
| Net tangible assets per share (RM) | | 0.66 | 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.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

| Group | Note | /-----Attributable to owners of the Company-----/ | | | /-----Non-distributable-----/ | | Distributable | 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 | Retained earnings/ (Accumulated losses) RM'000 | Total RM'000 | | |
| At 1 January 2019 | | 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) |
| Total comprehensive income for the year | | - | 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) |
| Total transactions with owners of the Group | | - | - | - | - | - | - | (2,616) | (2,616) |
| At 31 December 2019 | | 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 | | | |
| At 1 January 2020, | | 862,752 | (80,935) | (13,246) | 768,571 | (204,143) | 564,428 | 253,376 | 817,804 |
| Foreign currency translation differences for foreign operations | | - | - | 3,355 | 3,355 | - | 3,355 | 252 | 3,607 |
| Total other comprehensive income for the year | | - | - | 3,355 | 3,355 | - | 3,355 | 252 | 3,607 |
| Profit for the year | | - | - | - | - | 12,398 | 12,398 | 11,867 | 24,265 |
| Total comprehensive income for the year | | - | - | 3,355 | 3,355 | 12,398 | 15,753 | 12,119 | 27,872 |
| <i>Contribution by and distribution to owners of the Group</i> | | | | | | | | | |
| Dividends to owners of the Company | | - | - | - | - | - | - | - | - |
| Dividends to non-controlling interests | | - | - | - | - | - | - | - | - |
| Disposal of subsidiary | | - | - | - | - | - | - | 2,910 | 2,910 |
| Total transactions with owners of the Group | | - | - | - | - | - | - | 2,910 | 2,910 |
| At 30 September 2020 | | 862,752 | (80,935) | (9,891) | 771,926 | (191,745) | 580,181 | 268,405 | 848,586 |

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.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

| | | FOR THE THIRD QUARTER ENDED | |
|--|-------------|------------------------------------|-------------------|
| | | 30.09.2020 | 30.09.2019 |
| | | RM'000 | RM'000 |
| | Note | | |
| Cash flows from operating activities | | | |
| Profit/ (loss) before tax | | 48,719 | (80,912) |
| Adjustment for non-cash items | | 80,436 | 178,350 |
| Operating profit before changes in working capital | | 129,155 | 97,438 |
| Net changes in working capital | | (20,596) | (34,745) |
| Cash generated from operations | | 108,559 | 62,693 |
| Profit margin income from short-term investments and other receivables | | 633 | 335 |
| Finance cost | | (33,525) | (50,419) |
| Tax paid | | (7,832) | (12,659) |
| Tax refund | | 4,648 | 1,220 |
| Net cash generated from operating activities | | 72,483 | 1,170 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (1,492) | (5,375) |
| Decrease in other investment | | (16) | 674 |
| Plantation development expenditure | | (14,513) | (28,958) |
| Forestry | | (10,954) | (4,056) |
| Proceeds from disposal of property, plant and equipment | | 9 | 121 |
| Proceeds from disposal of subsidiary | 24 | 60,143 | - |
| Net cash generated from/ (used in) investing activities | | 33,177 | (37,594) |



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020 (continued)

| | FOR THE THIRD QUARTER ENDED | |
|--|-----------------------------|----------------|
| | 30.09.2020 | 30.09.2019 |
| | RM'000 | RM'000 |
| Cash flows from financing activities | | |
| Dividends paid to owners of the Company | - | (157) |
| Dividends paid to non-controlling interest | (10,300) | (2,635) |
| Proceeds from drawdown of loans and borrowings | - | 68,551 |
| Proceeds from drawdown of tradeline | 66,909 | 89,064 |
| Loan repayment | (150,930) | (123,565) |
| Net cash (used in)/ generated from financing activities | (94,321) | 31,258 |
| Net increase /(decrease) in cash and cash equivalents | 11,339 | (5,166) |
| Cash and cash equivalents at 1 January | 68,953 | 50,969 |
| Cash and cash equivalents at end of the period | 80,292 | 45,803 |

Note

Cash and cash equivalents comprise:

| | | FOR THE THIRD QUARTER ENDED | |
|-------------------------|----|-----------------------------|---------------|
| | | 30.09.2020 | 30.09.2019 |
| | | RM'000 | RM'000 |
| Deposits | | 61,290 | 35,097 |
| Less: Other investments | | (1,255) | (1,213) |
| | 19 | 60,035 | 33,884 |
| Cash and bank balances | 19 | 20,257 | 11,919 |
| | | 80,292 | 45,803 |



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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 :

(a) **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) Gain on disposal of subsidiary
- c) Sundry income

| Note | 30.09.2020 | 30.09.2019 |
|------|------------|------------|
| | RM'000 | RM'000 |
| | | |
| 24 | 1,447 | 887 |
| | 8,743 | - |
| | 1,598 | 1,769 |
| | 11,788 | 2,656 |

8. Administrative expenses

Administrative expenses consist of the followings:

- a) Overhead expenses
- b) Sundry expenses

| 30.09.2020 | 30.09.2019 |
|------------|------------|
| RM'000 | RM'000 |
| | |
| 17,619 | 17,803 |
| 5,484 | 5,883 |
| 23,103 | 23,686 |

9. Other expenses

Other expenses consist of the followings:

- a) Head office depreciation
- b) Impairment loss on receivables
- c) Unrealised foreign exchange loss
- d) Impairment loss on property plant and equipment ("PPE")
- e) Receivables written off
- f) Miscellaneous expenses

| 30.09.2020 | 30.09.2019 |
|------------|------------|
| RM'000 | RM'000 |
| | |
| 2,946 | 3,334 |
| - | 134 |
| 23,446 | - |
| - | 53,569 |
| 16,684 | - |
| 1,514 | 1,083 |
| 44,590 | 58,120 |



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10. Finance cost

Finance cost on:

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

| 30.09.2020 | 30.09.2019 |
|------------|------------|
| RM'000 | RM'000 |
| | |
| 49,323 | 49,048 |
| 119 | 2,298 |
| 7,016 | 9,291 |
| 56,458 | 60,637 |

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 period under review, The Group carried out the following:

- a) Repayment of RM40.0 million Commodity Murabahah Medium Term Notes at an effective profit margin rate of 5.65%.
- b) Repayment of RM30.0 million Commodity Murabahah Revolving credit-i at an effective profit margin rate of 4.59%.
- c) Repayment of RM3.75 million Commodity Murabahah Term Financing-i at an effective profit margin rate of 5.83%.

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 third quarter ended 30 September 2020.



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14. Plantation development expenditure

| | OIL PALM | | TEAK | | TOTAL | |
|---|------------|------------|------------|------------|------------|------------|
| | 30.09.2020 | 31.12.2019 | 30.09.2020 | 31.12.2019 | 30.09.2020 | 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 | 15,119 | 42,783 | 169 | 154 | 15,288 | 42,937 |
| Addition of nurseries | 1,217 | 1,703 | - | - | 1,217 | 1,703 |
| Transfer to property, plant and equipment | (97,144) | (35,904) | - | - | (97,144) | (35,904) |
| Impairment | - | (20,316) | (169) | - | (169) | (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 | (3,219) | 2,610 | - | - | (3,219) | 2,610 |
| | 25,396 | 109,423 | 1,987 | 1,987 | 27,383 | 111,410 |

15. Forestry

| | 30.09.2020 | 31.12.2019 |
|---|------------|------------|
| | RM'000 | RM'000 |
| At 1 January | 6,385 | 49,825 |
| Addition during the year | 11,211 | 25,083 |
| Transfer from nurseries | - | (13,385) |
| Addition charged to profit and loss | (11,211) | (11,923) |
| Change in fair value recognised to profit or loss | - | (43,215) |
| | 6,385 | 6,385 |



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16. Intangible asset

Cost

Goodwill
Transfer from assets held for sale
Impairment

| 30.09.2020 | 31.12.2019 |
|------------|------------|
| RM'000 | RM'000 |
| - | - |
| - | 9,761 |
| - | (9,761) |
| - | - |

17. Other investments

Non-current

Available-for-sale financial
assets – stated at cost

Current

Deposits placed with licensed banks (maturity
period more than 3 months)

| 30.09.2020 | 31.12.2019 |
|------------|------------|
| RM'000 | RM'000 |
| 1,825 | 1,825 |
| 1,255 | 1,239 |
| 3,080 | 3,064 |

18. Biological assets

At 1 January
Change in fair value recognised to profit or loss

Transfer from asset held for sale
Transfer to assets held for sale

| 30.09.2020 | 31.12.2019 |
|------------|------------|
| RM'000 | RM'000 |
| 35,405 | 35,658 |
| 22,753 | 7,405 |
| 58,158 | 43,063 |
| - | 1,417 |
| - | (9,075) |
| 58,158 | 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:

| | 30.09.2020 | 31.12.2019 |
|---|------------|------------|
| | RM'000 | RM'000 |
| Biological asset | 22,753 | 7,405 |
| Biological asset Classified as asset held for sale | 10,422 | 3,626 |
| | 33,175 | 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

| | 30.09.2020 | 31.12.2019 |
|-------------------------------------|------------|------------|
| | RM'000 | RM'000 |
| Deposits placed with licensed banks | 60,035 | 58,423 |
| Cash and bank balances | 20,257 | 10,708 |
| | 80,292 | 69,131 |
| Transfer from assets held for sale | - | 26 |
| Transfer to assets held for sale | - | (204) |
| | 80,292 | 68,953 |



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20. Group assets held for sale

Investment in Bumi Suria Ventures Sdn. Bhd. (“BSV”), investment in Maju Warisanmas Sdn. Bhd. (“MWM”), investment in TH PELITA Meludam Sdn. Bhd. (“THPMel”), investment in TH PELITA Beladin Sdn Bhd (“THPBel”), investment in TH PELITA Simunjan Sdn Bhd. (“THPSim”), investment in TH PELITA Gedong Sdn. Bhd. (“THPGed”), and investment in TH PELITA Sadong Sdn. Bhd. (“THPSad”) are presented as assets held for sale. Efforts to sell have commenced, and sale is expected to be completed within twelve (12) months.

During the period, the Group had completed the Share Purchase Agreement (“SPA”) in relation to the disposal of 70% equity interests in THPYT on 31 July 2020.

Assets and liabilities classified as held for sale are as below:

Group

Assets classified as held for sale

| | | 30.09.2020 |
|--|------|------------|
| | Note | RM'000 |
| Property, plant and equipment (“PPE”) | a | 606,116 |
| Right-of-use – PPE | b | 244,714 |
| Plantation development expenditure (“PDE”) | | 38,126 |
| Deferred tax assets | | 23,138 |
| Biological assets | | 26,417 |
| Inventories | | 2,653 |
| Current tax assets | | 462 |
| Trade and other receivables | | 12,412 |
| Prepayment and Other assets | | 115 |
| Cash and cash equivalents | | 1,460 |
| | | 955,613 |

Liabilities classified as held for sale

| | 30.09.2020 |
|------------------------|------------|
| | RM'000 |
| Lease liabilities | 35,866 |
| Deferred tax liability | 86,046 |
| Payables and accruals | 18,723 |
| Current tax payable | 2,115 |
| | 142,750 |



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20. Group assets held for sale (continued)

Note

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

| | 30.09.2020 |
|--------------------------|-------------------|
| | RM'000 |
| Cost | 838,485 |
| Accumulated depreciation | (232,369) |
| | 606,116 |

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

| | 30.09.2020 |
|--------------------------|-------------------|
| | RM'000 |
| Cost | 341,205 |
| Accumulated depreciation | (96,491) |
| | 244,714 |



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21. Operating segments

| | Oil palm Plantation | Forestry | Consolidated |
|--|------------------------|----------------|-----------------|
| | RM'000 | RM'000 | RM'000 |
| RESULTS FOR 3 MONTHS ENDED | | | |
| 30 SEPTEMBER 2020 | | | |
| External operating revenue | 167,430 | - | 167,430 |
| Fair value change in biological assets | 20,826 | - | 20,826 |
| Other income | 10,614 | - | 10,614 |
| | 198,870 | - | 198,870 |
| Operating expenses | (109,007) | (2,648) | (111,655) |
| Segment results | 89,863 | (2,648) | 87,215 |
| Other expenses | (33,460) | (79) | (33,539) |
| Finance cost | (13,265) | (2,635) | (15,900) |
| Profit/ (loss) before tax | 43,138 | (5,362) | 37,776 |
| RESULTS FOR 3 MONTHS ENDED | | | |
| 30 SEPTEMBER 2019 | | | |
| External operating revenue | 136,007 | - | 136,007 |
| Fair value change in biological assets | 7,115 | - | 7,115 |
| Other income | 983 | - | 983 |
| | 144,105 | - | 144,105 |
| Operating expenses | (109,766) | (652) | (110,418) |
| Segment results | 34,339 | (652) | 33,687 |
| Other expenses | (62,394) | (47) | (62,441) |
| Finance cost | (17,142) | (2,895) | (20,037) |
| Loss before tax | (45,197) | (3,594) | (48,791) |



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21. Operating segments (continued)

| | Oil palm Plantation | Forestry | Consolidated |
|--|------------------------|-----------------|-----------------|
| | RM'000 | RM'000 | RM'000 |
| RESULTS UP TO THIRD QUARTER ENDED | | | |
| 30 SEPTEMBER 2020 | | | |
| External operating revenue | 410,551 | - | 410,551 |
| Fair value change in biological assets | 33,175 | - | 33,175 |
| Other income | 12,322 | 99 | 12,421 |
| | 456,048 | 99 | 456,147 |
| Operating expenses | (279,185) | (4,092) | (283,277) |
| Segment results | 176,863 | (3,993) | 172,870 |
| Other expenses | (67,486) | (207) | (67,693) |
| Finance cost | (47,907) | (8,551) | (56,458) |
| Profit/ (loss) before tax | 61,470 | (12,751) | 48,719 |
| RESULTS UP TO THIRD QUARTER ENDED | | | |
| 30 SEPTEMBER 2019 | | | |
| External operating revenue | 357,403 | - | 357,403 |
| Fair value change in biological assets | 10,244 | - | 10,244 |
| Other income | 2,969 | 22 | 2,991 |
| | 370,616 | 22 | 370,638 |
| Operating expenses | (306,371) | (2,736) | (309,107) |
| Segment results | 64,245 | (2,714) | 61,531 |
| Other expenses | (81,557) | (249) | (81,806) |
| Finance cost | (52,046) | (8,591) | (60,637) |
| Loss before tax | (69,358) | (11,554) | (80,912) |



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21. Operating segments (continued)

| | Oil palm Plantation | Forestry | Elimination | Consolidated |
|---|------------------------|----------------|------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2020 | | | | |
| Assets that belong to the Group | 3,282,946 | 23,372 | (614,335) | 2,691,983 |
| Total Assets | 3,282,946 | 23,372 | (614,335) | 2,691,983 |
| Liabilities that belong to the Group | 2,576,937 | 219,423 | (952,963) | 1,843,397 |
| Total liabilities | 2,576,937 | 219,423 | (952,963) | 1,843,397 |
| ASSETS AND LIABILITIES AS AT 31 DECEMBER 2019 | | | | |
| Assets that belong to the Group | 3,595,066 | 23,297 | (881,761) | 2,736,602 |
| Total Assets | 3,595,066 | 23,297 | (881,761) | 2,736,602 |
| Liabilities that belong to the Group | 2,594,856 | 206,596 | (882,654) | 1,918,798 |
| Total liabilities | 2,594,856 | 206,596 | (882,654) | 1,918,798 |



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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.

24. Changes In The Composition Of The Group

On 31 July 2020, the Group had completed the Share Purchase Agreement (“SPA”) in relation to the disposal of 70% equity interests in THPYT.

Effect of disposal on the financial position of the Group

| | Note | RM'000 |
|--|-------------|---------------|
| Property, plant and equipment (“PPE”) | | 59,877 |
| Right-of-use – PPE | | 4,676 |
| Plantation development expenditure (“PDE”) | | 250 |
| Deferred tax assets | | 7,246 |
| Biological assets | | 1,880 |
| Inventories | | 9 |
| Trade and other receivables | | 1,157 |
| Prepayment and Other assets | | 65 |
| Cash and cash equivalents | | 650 |
| Trade and other payables | | (26,670) |
| | | 49,140 |
| Non-controlling interest | | 2,910 |
| | | 52,050 |
| Gain on disposal | 7 | 8,743 |
| Consideration received | | 60,793 |
| Less: Cash and bank balances | | (650) |
| Net cash inflow | | 60,143 |



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25. 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 26 November 2020.

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

Approved and contracted for
Approved but not contracted for

| 30.09.2020 |
|------------|
| RM'000 |
| 32 |
| 58,415 |
| 58,447 |

27. Material Related Party Transactions

| | | | For the third quarter ended 30.09.2020 |
|--|------------------------------------|--|--|
| Transacting Parties | Relationship | Nature of transactions | RM'000 |
| Transactions with THP Lembaga Tabung Haji | Holding Corporation | Lease of land | 2,196 |
| Transactions with THP Group TH Travel Sdn Bhd Deru Semangat Sdn Bhd | Related Company Related Company | Purchase of flight ticket Management fees | 54 159 |

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

28. Review of Group's Financial Performance

| | UNAUDITED THIRD QUARTER | | VARIANCE | |
|--|----------------------------|-------------------|----------|--------|
| | CURRENT YEAR | PRECEDING YEAR | | |
| | 30.09.2020 | 30.09.2019 | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 410,551 | 357,403 | 53,148 | 14.87 |
| Fair value change on biological assets | 33,175 | 10,244 | 22,931 | 223.85 |
| Operating profit | 160,449 | 58,540 | 101,909 | 174.08 |
| Profit / (Loss) Before Interest and Tax ("PBIT/ (LBIT)") | 104,544 | (20,610) | 125,154 | 607.25 |
| Profit/ (loss) Before Tax ("PBT/(LBT)") | 48,719 | (80,912) | 129,631 | 160.21 |
| Profit/ (loss) After Tax ("PAT/(LAT)") | 24,265 | (71,660) | 95,925 | 133.86 |
| Profit/ (Loss) attributable to owners of the Company ("PATAMI/ (LATAMI)") | 12,398 | (58,850) | 71,248 | 121.07 |

| | THIRD QUARTER | | VARIANCE | |
|-----------------------------|---------------|---------|----------|---------|
| | 2020 | 2019 | | |
| | MT | MT | MT | % |
| Sales volume | | | | |
| Crude palm oil ("CPO") | 132,250 | 147,357 | (15,107) | (10.25) |
| Palm kernel ("PK") | 30,030 | 33,066 | (3,036) | (9.18) |
| Fresh Fruit Bunches ("FFB") | 90,832 | 108,830 | (17,998) | (16.54) |

| | THIRD QUARTER | | VARIANCE | |
|--------------------------------|---------------|-------|----------|-------|
| | 2020 | 2019 | | |
| | RM/MT | RM/MT | RM/MT | % |
| Average realised prices | | | | |
| Crude palm oil | 2,447 | 1,915 | 532 | 27.78 |
| Palm kernel | 1,446 | 1,137 | 309 | 27.18 |
| FFB | 480 | 345 | 135 | 39.13 |



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28. Review of Group's Financial Performance (continued)

Overall

The Group's revenue for the nine months ended 2020 ("9M20") higher by 14.87% to RM410.55 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 174.08% as compared to 9M19. The Group registered a PBT of RM48.72 million as compared to LBT of RM80.91million in the corresponding quarter in previous year due to:

- a) Higher revenue by RM53.15 million.
- b) Higher fair value change on biological assets by RM22.93 million.
- c) Lower cost of sales by RM25.83 million.
- d) Lower other expenses by RM18.29 million.

Plantation sector

In 9M20, Plantation sector has registered a higher revenue by 14.87% due to higher average realised prices for CPO, PK and FFB despite of lower sales volume for CPO, PK and FFB. Plantation sector recorded PBT of RM61.47 million as compared to LBT of RM69.36 million in the corresponding quarter in previous year mainly due to:

- a) Higher revenue by RM53.15 million.
- b) Higher fair value change in biological assets by RM22.93 million.
- c) Higher other income by RM9.43 million

Forestry sector

For 9M20, the forestry sector recorded a higher LBT of RM12.75 million, as compared to RM11.55 million in 9M19. This is a result of higher cost of sales by RM1.36 million in 9M20.



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29. Material Changes in the Quarterly Results Compared To the Preceding Quarter

| | 2020 | 2020 | VARIANCE | |
|---|-----------|-----------|----------|---------|
| | Quarter 3 | Quarter 2 | RM'000 | % |
| Revenue | 167,430 | 127,570 | 39,860 | 31.25 |
| Fair value change in biological assets | 20,826 | 23,148 | (2,322) | (10.03) |
| Operating profit | 76,601 | 58,252 | 18,349 | 31.50 |
| Profit Before Interest and Tax ("PBIT") | 53,468 | 51,813 | 1,655 | 3.19 |
| Profit Before Tax ("PBT") | 37,776 | 25,431 | 12,345 | 48.54 |
| Profit After Tax ("PAT") | 23,864 | 13,349 | 10,515 | 78.77 |
| Profit attributable to owners of the Company ("PATAMI") | 15,772 | 8,157 | 7,615 | 93.36 |

| | 2020 | 2020 | VARIANCE | |
|---------------------|-----------|-----------|----------|-------|
| | Quarter 3 | Quarter 2 | MT | % |
| Sales volume | | | | |
| Crude palm oil | 51,120 | 45,398 | 5,722 | 12.60 |
| Palm kernel | 12,075 | 10,157 | 1,918 | 18.88 |
| FFB | 40,421 | 30,255 | 10,166 | 33.60 |

| | 2020 | 2020 | VARIANCE | |
|--------------------------------|-----------|-----------|----------|-------|
| | Quarter 3 | Quarter 2 | RM/MT | % |
| Average realised prices | | | | |
| Crude palm oil | 2,540 | 2,236 | 304 | 13.60 |
| Palm kernel | 1,420 | 1,306 | 114 | 8.73 |
| FFB | 506 | 423 | 83 | 19.62 |



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29. Material Changes in the Quarterly Results Compared To the Preceding Quarter (continued)

Overall

The Group's revenue increased by 31.25 % to RM167.43 million compared to the preceding quarter mainly due to higher sales volume and average realised prices for CPO, PK and FFB. The Group registered a PBT of RM37.78 million in 3Q20 as compared to RM25.43 million in 2Q20 due to higher operating profit by RM18.35 million and other income by RM10.15 million. However, it was partly offset by higher other expenses by RM15.82 million as compared to the preceding quarter.

Plantation sector

The Plantation sector registered a PBT of RM43.14 million in the current quarter compared to RM29.11 million in the preceding quarter. The increase in PBT by RM14.03 million in the current quarter was mainly due to higher revenue by RM39.86 million and partly offset by higher expenses by RM26.73 million.

Forestry sector

For 3Q20, the forestry sector registered a higher LBT of RM5.36 million compared to RM3.68 million in preceding quarter. This is due to higher operating expenses incurred during 3Q20 as compared to the preceding quarter.



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30. Current Year Prospects

The outlook for the Group's overall financial performance for the financial year ending 31 December 2020 will largely depend on the movement of palm products prices and the progress of our Strategic Recovery Plan.

Markets are expected to continue to remain stable despite the volatility mainly influenced by the development of the COVID-19 pandemic and its impact on the world economy. The Group expects palm oil prices for the medium term to be strong supported by the following factors:

- Low production season had started from November 2020 until February 2021.
- Disruption in production due to labour shortages.
- The weather phenomenon "La Nina" is expected to persist until at least January 2021. Expectations of a reduction in sunflower crops, lower soya bean inventories in the United States and unfavourable weather for planting in South America are also contributing to a bullish outlook for the edible oil market in general.
- As the global COVID-19 situation improved with prospects from the progress of the COVID-19 vaccine development, there will be increasing demand from major palm oil-consuming countries such as China and India.

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 a result of further Conditional Movement Control Order ("CMCO") imposed by the Government.

31. Variance of Actual Profit from Forecast Profit

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



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32. Taxation

| | THIRD QUARTER | | CUMULATIVE QUARTER | |
|----------|-----------------------|-------------------------|-----------------------|-------------------------|
| | Current year RM000 | Preceding year RM000 | Current year RM000 | Preceding year RM000 |
| Current | (9,314) | (2,704) | (19,921) | (8,050) |
| Deferred | (4,598) | 11,482 | (4,533) | 17,302 |
| | (13,912) | 8,778 | (24,454) | 9,252 |
| | | | | |

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

Current year tax for 3Q20 was higher compared to corresponding quarter in previous year due to higher corporate and deferred tax liabilities recognised during the quarter.

33. Unquoted Investments and /or Properties

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

34. Quoted Investments

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

35. 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 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, proposal (a) has yet to be completed. However, proposal (b) was completed on 31 July 2020.

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



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36. Group Borrowings

As at 30 September 2020, total borrowings are as follows:

| | Note | As at | As at |
|--|------|------------|------------|
| | | 30.09.2020 | 31.12.2019 |
| | | RM'000 | RM'000 |
| Non-current | | | |
| Secured | | | |
| Commodity Murahabah Term Financing-i (THPS) | | 196,604 | 200,482 |
| Commodity Murahabah Term Financing-i (PTPKP) | | 61,365 | 46,254 |
| Unsecured | | | |
| SUKUK Murabahah | | 780,000 | 855,000 |
| Medium Term Notes | | 39,343 | 37,908 |
| Term Financing | | | |
| | | 1,077,312 | 1,139,644 |
| Current | | | |
| Secured | | | |
| Commodity Murabahah Revolving credit-i | | 30,000 | 60,000 |
| Commodity Murahabah Term Financing-i (THPS) | | 29,750 | 29,500 |
| Unsecured | | | |
| SUKUK Murabahah | | 75,000 | 40,000 |
| Medium Term Notes | | - | 10,271 |
| Islamic Trade Financing-i | | | |
| | | 134,750 | 139,771 |
| | | 1,212,062 | 1,279,415 |



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36. 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 | - | 41,000 | 41,000 | - |
| 1-2 years | 2021 | 75,000 | 30,000 | 105,000 | - |
| 2-3 years | 2022 | 100,000 | 30,000 | 130,000 | 500 |
| 3-4 years | 2023 | 105,000 | 32,000 | 137,000 | 2,000 |
| 4-5 years | 2024 | 110,000 | 36,000 | 146,000 | 2,000 |
| 5-6 years | 2025 | 120,000 | 39,000 | 159,000 | 2,000 |
| 6-7 years | 2026 | 145,000 | 48,354 | 193,354 | 3,500 |
| 7-8 years | 2027 | 200,000 | - | 200,000 | 1,279 |
| 8-9 years | 2028 | - | - | - | - |
| 9-10 years | 2029 | - | 39,343 | 39,343 | - |
| | | 855,000 | 295,697 | 1,150,697 | 11,279 |

37. 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.

38. Material Litigation

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



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39. Earnings Per Share

| | | UNAUDITED THIRD QUARTER | | UNAUDITED CUMULATIVE | |
|---|---------------|----------------------------|-------------------|-------------------------|-------------------|
| | | Current Year | Preceding Year | Current Year | Preceding Year |
| Basic earnings per share | | | | | |
| Profit/ (Loss) attributable to shareholders | RM'000 | 15,772 | (31,609) | 12,398 | (58,850) |
| Weighted average number of ordinary shares in issue | 000 | 883,851 | 883,851 | 883,851 | 883,851 |
| Basic earnings/ (loss) per share | sen | 1.78 | (3.58) | 1.40 | (6.66) |
| Diluted earnings per share | | | | | |
| Profit / (Loss) attributable to shareholders | RM'000 | 15,772 | (31,609) | 12,398 | (58,850) |
| Weighted average number of ordinary shares in issue | 000 | 883,851 | 883,851 | 883,851 | 883,851 |
| Effect of dilution | | - | - | - | - |
| Adjusted weighted average of ordinary shares in issue | 000 | 883,851 | 883,851 | 883,851 | 883,851 |
| Diluted earnings/ (loss) per share | sen | 1.78 | (3.58) | 1.40 | (6.66) |

40. 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 26 November 2020.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
26 November 2020