



TH Plantations Berhad

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

The Directors are pleased to announce the unaudited consolidated results for the period ended 30 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		UNAUDITED			
		SECOND QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
		RM'000	RM'000	RM'000	RM'000
	Note				
Revenue	26	106,113	138,558	221,396	259,793
Fair value change in biological assets	17	(3,535)	8,885	3,129	12,405
Cost of sales		(101,620)	(116,621)	(198,689)	(210,108)
Gross profit		958	30,822	25,836	62,090
Other income	7	1,215	402	1,801	4,283
Administrative expenses	8	(8,919)	(12,893)	(16,453)	(24,869)
Other expenses	9	(1,839)	(819)	(2,912)	(1,799)
Results from operating activities		(8,585)	17,512	8,272	39,705
Profit margin income from short-term investments and receivables		109	173	207	596
Finance cost	10	(20,612)	(15,446)	(40,600)	(30,697)
Net finance cost		(20,503)	(15,273)	(40,393)	(30,101)
(Loss)/ Profit before tax	26	(29,088)	2,239	(32,121)	9,604
Tax expense	30	6,343	1,782	474	(1,487)
(Loss)/ Profit for the year	26	(22,745)	4,021	(31,647)	8,117
Other comprehensive (expense)/ 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		1,094	(171)	1,220	(5,367)
Other comprehensive income/ (expense), net of tax		1,094	(171)	1,220	(5,367)
Total comprehensive (expense)/ income for the year		(21,651)	3,850	(30,427)	2,750



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

		UNAUDITED			
		SECOND QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
		RM'000	RM'000	RM'000	RM'000
(Loss)/ Profit attributable to:	Note				
Owners of the Company		(19,150)	200	(27,241)	3,432
Non-controlling interests		(3,595)	3,821	(4,406)	4,685
(Loss)/ Profit for the year		(22,745)	4,021	(31,647)	8,117
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		(18,132)	41	(26,106)	(1,559)
Non-controlling interests		(3,519)	3,809	(4,321)	4,309
Total comprehensive (expense)/ income for the year		(21,651)	3,850	(30,427)	2,750
Basic earnings per ordinary share (sen)	37	(2.17)	0.02	(3.08)	0.39
Diluted earnings per ordinary share (sen)	37	(2.17)	0.02	(3.08)	0.39

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.06.2019	As at 31.12.2018
		RM'000	RM'000
Assets			
Property, plant and equipment		1,770,244	1,765,183
Right-of-use – property, plant and equipment		176,652	-
Plantation development expenditure	14	68,358	84,842
Forestry	15	49,825	49,825
Other investments	16	1,825	1,825
Deferred tax assets		56,992	54,166
Total non-current assets		2,123,896	1,955,841
Inventories		23,406	19,634
Current tax assets		20,427	15,166
Biological assets	17	36,893	35,658
Other investments	16	1,213	1,888
Trade and other receivables		35,109	36,899
Prepayments and other assets		8,462	7,745
Cash and cash equivalents	18	30,760	50,561
		156,270	167,551
Assets classified as held for sale	19	799,470	744,911
Total current assets		955,740	912,462
Total assets		3,079,636	2,868,303



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 30.06.2019	As at 31.12.2018
		RM'000	RM'000
Equity			
Capital and reserve		771,139	770,004
(Accumulated loss)/ Retained earnings		(4,886)	22,355
Equity attributable to owners of the Company		766,253	792,359
Non-controlling interests		298,415	302,736
Total equity		1,064,668	1,095,095
Liabilities			
Loans and borrowings	34	1,194,128	1,199,510
Lease liabilities		170,714	-
Employee benefits		515	542
Deferred tax liabilities		247,762	252,542
Trade and other payables		19,832	10,388
Total non-current liabilities		1,632,951	1,462,982
Loans and borrowings	34	112,429	41,544
Lease liabilities		8,665	-
Trade and other payables		168,398	202,701
Current tax liabilities		-	1
		289,492	244,246
Liabilities classified as held for sale	19	92,525	65,980
Total current liabilities		382,017	310,226
Total liabilities		2,014,968	1,773,208
Total equity and liabilities		3,079,636	2,868,303
Net tangible assets per share (RM)		0.87	0.90

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2019

Group	Note	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/					Total capital reserve RM'000	Distributable (Accumulated loss)/ Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share Option reserve RM'000	Exchange reserve RM'000					
At 1 January 2018		862,752	-	(80,786)	-	(8,012)	773,954	634,639	1,408,593	367,647	1,776,240
Foreign currency translation differences for foreign operations		-	-	-	-	(3,778)	(3,778)	-	(3,778)	(284)	(4,062)
Remeasurement loss on defined benefit liability		-	-	(172)	-	-	(172)	-	(172)	(13)	(185)
Total other comprehensive expense for the year		-	-	(172)	-	(3,778)	(3,950)	-	(3,950)	(297)	(4,247)
Loss for the year		-	-	-	-	-	-	(594,608)	(594,608)	(63,774)	(658,382)
Total comprehensive expense for the year		-	-	(172)	-	(3,778)	(3,950)	(594,608)	(598,558)	(64,071)	(662,629)
<i>Contribution by and distribution to owners of the Group</i>											
Dividends to owners of the Company		-	-	-	-	-	-	(17,676)	(17,676)	-	(17,676)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(840)	(840)
Total transactions with owners of the Group		-	-	-	-	-	-	(17,676)	(17,676)	(840)	(18,516)
At 31 December 2018		862,752	-	(80,958)	-	(11,790)	770,004	22,355	792,359	302,736	1,095,095



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (continued)

Group	Note	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/						Distributable (Accumulated loss)/ Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share Option reserve RM'000	Exchange reserve RM'000	Total capital reserve 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		-	-	-	-	1,135	1,135	-	1,135	85	1,220
Total other comprehensive income for the year						1,135	1,135	-	1,135	85	1,220
Loss for the year		-	-	-	-	-	-	(27,241)	(27,241)	(4,406)	(31,647)
Total comprehensive income for the year		-	-	-	-	1,135	1,135	(27,241)	(26,106)	(4,321)	(30,427)
<i>Contribution by and distribution to owners of the Group</i>											
Dividends to owners of the Company		-	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Group		-	-	-	-	-	-	-	-	-	-
At 30 June 2019		862,752	-	(80,958)	-	(10,655)	771,139	(4,886)	766,253	298,415	1,064,668

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	FOR THE SECOND QUARTER ENDED	
	30.06.2019	30.06.2018
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/ Profit before tax	(32,121)	9,604
Adjustment for non-cash items	26,497	64,509
Operating (loss)/ profit before changes in working capital	(5,624)	74,113
Net changes in working capital	4,020	(18,408)
Cash (used in)/ generated from operations	(1,604)	55,705
Profit margin income from short-term investments and other receivables	207	596
Finance cost	(36,715)	(36,434)
Tax paid	(9,550)	(14,897)
Tax refund	390	-
Net cash (used in)/ generated from operating activities	(47,272)	4,970
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,622)	(10,097)
Decrease in other investment	674	(8)
Plantation development expenditure	(18,953)	(28,528)
Forestry	(2,964)	(10,674)
Proceeds from disposal of property, plant and equipment	-	57
Net cash used in investing activities	(24,865)	(49,250)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (continued)

	Note	FOR THE SECOND QUARTER ENDED	
		30.06.2019	30.06.2018
		RM'000	RM'000
Cash flows from financing activities			
Dividends paid to owners of the Company		(58)	(17,846)
Dividends paid to non-controlling interest		(2,635)	-
Proceeds from drawdown of loans and borrowings		68,122	4,560
Proceeds from drawdown of tradeline		62,946	51,156
Loan repayment		(76,011)	(58,237)
Net cash generated from/ (used in) financing activities		52,364	(20,367)
Net decrease in cash and cash equivalents		(19,773)	(64,647)
Cash and cash equivalents at 1 January		50,969	99,238
Cash and cash equivalents at end of the period		31,196	34,591

Cash and cash equivalents comprise:

	Note	FOR THE SECOND QUARTER ENDED	
		30.06.2019	30.06.2018
		RM'000	RM'000
Deposits		17,550	21,737
Less: Other investments		(1,213)	(3,296)
	18	16,337	18,441
Cash and bank balances	18	14,859	16,150
		31,196	34,591



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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 2018. 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 2018.

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 2018 except for MFRS 16 *Leases* as disclosed below.

MFRS 16: Leases

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.



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2. Significant Accounting Policies (continued)

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has elected to apply MFRS 16 using a simplified retrospective approach, whereby there is no adjustment on the cumulative effect of initial application of MFRS 16 to the opening balance of retained earnings at the date of initial application.

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 2018.

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.

(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.



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(v) **Forestry**

The fair value of the assets is determined using valuation prepared by external, licensed independent property valuer as at 31 December 2018. 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 2018 in their report dated 2 April 2019.

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) Fair value on government grant
- b) Management fees
- c) Sundry income

30.06.2019 RM'000	30.06.2018 RM'000
-	2,309
573	933
1,228	1,041
1,801	4,283

8. Administrative expenses

Administrative expenses consist of the followings:

- a) Overhead expenses
- b) Rental of office
- c) Lease of land
- d) Sundry expenses

30.06.2019 RM'000	30.06.2018 RM'000
12,388	15,248
-	2,361
-	1,464
4,065	5,796
16,453	24,869

* Lease rental and rental of office has been accounted based on MFRS 16 during the financial year 2019.



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9. Other expenses

Other expenses consist of the followings:

- a) Head Office Depreciation
- b) Head Office Depreciation-Right of Use
- c) Impairment on receivables
- d) Miscellaneous expenses

30.06.2019 RM'000	30.06.2018 RM'000
665	812
1,345	-
230	-
672	987
2,912	1,799

10. Finance cost

Finance cost on:

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

30.06.2019 RM'000	30.06.2018 RM'000
32,712	29,129
1,556	1,568
6,332	-
40,600	30,697

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.



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12. Changes in Debt and Equity Securities

During the period under review, The Group carried out following:

- Drawdown of USD1.9 million (RM7.7 million at an exchange rate of 1USD:RM4.0750) Commodity Murabahah Term Financing-i at an effective profit margin rate of 5.36%.
- Drawdown of RM60.0 million Commodity Murabahah Revolving-i at an effective profit margin rate of 5.64%.
- Repayment of RM12.50 million Commodity Murabahah Term Financing-i at an effective profit margin rate of 5.85%.
- Repayment of RM9.45 million Flexi Term Financing-i at an effective profit margin rate of 5.43%.

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 second quarter ended 30 June 2019.

14. Plantation development expenditure

Note	30.06.2019 RM'000	31.12.2018 RM'000
At 1 January	84,842	318,423
Additions during the year	23,213	64,374
Addition of nurseries	1,001	3,223
Transfer from assets held for sale	133,718	
Transfer to property, plant and equipment	(104,116)	(68,238)
Write off	-	(12,028)
Impairment	-	(83,193)
Effect of movement in exchange rate	2,022	(4,001)
Transfer to assets held for sale	(72,322)	(133,718)
	68,358	84,842



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15. Forestry

	30.06.2019 RM'000	31.12.2018 RM'000
At 1 January	49,825	187,956
Addition during the year	6,882	26,005
Transfer from nurseries	-	(2,393)
Additions of nurseries	-	1,678
Addition charged to profit and loss	(6,882)	(26,005)
Change in fair value recognised to profit or loss	-	(134,300)
Write off	-	(3,116)
	49,825	49,825

16. Other investments

	30.06.2019 RM'000	31.12.2018 RM'000
Non-current		
Fair value through profit or loss	1,825	1,825
Current		
Amortised cost	1,213	1,888
	3,038	3,713



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17. Biological assets

	Note	30.06.2019 RM'000	31.12.2018 RM'000
At 1 January		35,658	52,105
Transfer from asset held for sale		6,591	
Change in fair value recognised to profit or loss		3,129	(9,856)
Less: Transfer to assets held for sale	19	(8,485)	(6,591)
		36,893	35,658

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.

18. Cash and cash equivalents

	Note	30.06.2019 RM'000	31.12.2018 RM'000
Deposits placed with licensed banks		16,337	36,244
Cash and bank balances		14,859	14,725
		31,196	50,969
Transfer to assets held for sale	19	(436)	(408)
		30,760	50,561



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19. 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").

Subsequently, on 27 February 2019 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).

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

Group

Assets classified as held for sale

	Note	30.06.2019 RM'000
Property, plant and equipment ("PPE")	a	635,570
Right-of-use – PPE		49,420
Plantation development expenditure ("PDE")		72,322
Goodwill		9,761
Deferred tax assets		20,255
Biological assets		8,485
Inventories		1,617
Current tax assets		10
Trade and other receivables		1,444
Prepayment and Other assets		150
Cash and cash equivalents		436
		<hr/>
		799,470

Liabilities classified as held for sale

Borrowings	4,265
Lease liabilities	49,619
Deferred tax liability	22,982
Payables and accruals	15,390
Current tax payable	269
	<hr/>
	92,525

Note

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

	RM'000
Cost	726,786
Accumulated depreciation	(91,216)
	<hr/>
	635,570



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20. Operating segments

	Oil palm Plantation	Forestry	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
RESULTS FOR 3 MONTHS ENDED				
30 JUNE 2019				
External operating revenue	106,113	-	-	106,113
Inter-segment revenue	16,051	-	(16,051)	-
Total operating revenue	122,164	-	(16,051)	106,113
Fair value change in biological assets	(3,535)	-	-	(3,535)
Other income	24,216	22	(22,914)	1,324
	142,845	22	(38,965)	103,902
Operating expenses	(118,384)	(879)	17,643	(101,620)
Segment results	24,461	(857)	(21,322)	2,282
Other expenses	(13,385)	(90)	2,717	(10,758)
Finance cost	(37,658)	(2,867)	19,913	(20,612)
Loss before tax	(26,582)	(3,814)	1,308	(29,088)
RESULTS FOR 3 MONTHS ENDED				
30 JUNE 2018				
External operating revenue	138,558	-	-	138,558
Inter-segment revenue	20,012	-	(20,012)	-
Total operating revenue	158,570	-	(20,012)	138,558
Fair value change in biological assets	8,885	-	-	8,885
Other income	24,888	(311)	(24,002)	575
	192,343	(311)	(44,014)	148,018
Operating expenses	(129,038)	(1,193)	13,610	(116,621)
Segment results	63,305	(1,504)	(30,404)	31,397
Other expenses	(19,737)	(97)	6,122	(13,712)
Finance cost	(30,005)	(2,238)	16,797	(15,446)
Profit/ (loss) before tax	13,563	(3,839)	(7,485)	2,239



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20. Operating segments (continued)

	Oil palm Plantation	Forestry	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
RESULTS UP TO SECOND QUARTER ENDED				
30 JUNE 2019				
External operating revenue	221,396	-	-	221,396
Inter-segment revenue	31,956	-	(31,956)	-
Total operating revenue	253,352	-	(31,956)	221,396
Fair value change in biological assets	3,129	-	-	3,129
Other income	47,688	22	(45,702)	2,008
	304,169	22	(77,658)	226,533
Operating expenses	(227,656)	(2,084)	31,051	(198,689)
Segment results	76,513	(2,062)	(46,607)	27,844
Other expenses	(26,688)	(202)	7,525	(19,365)
Finance cost	(71,195)	(5,696)	36,291	(40,600)
Loss before tax	(21,370)	(7,960)	(2,791)	(32,121)
RESULTS UP TO SECOND QUARTER ENDED				
30 JUNE 2018				
External operating revenue	259,793	-	-	259,793
Inter-segment revenue	34,504	-	(34,504)	-
Total operating revenue	294,297	-	(34,504)	259,793
Fair value change in biological assets	12,405	-	-	12,405
Other income	48,210	1,998	(45,329)	4,879
	354,912	1,998	(79,833)	277,077
Operating expenses	(227,970)	(6,224)	24,086	(210,108)
Segment results	126,942	(4,226)	(55,747)	66,969
Other expenses	(44,143)	(204)	17,679	(26,668)
Finance cost	(57,845)	(4,431)	31,579	(30,697)
Profit/ (Loss) before tax	24,954	(8,861)	(6,489)	9,604



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20. Operating segments (continued)

	Oil palm Plantation	Forestry	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
ASSETS AND LIABILITIES AS AT 30 JUNE 2019				
Assets that belong to the Group	4,562,104	103,041	(1,585,509)	3,079,636
Total Assets	4,562,104	103,041	(1,585,509)	3,079,636
Liabilities that belong to the Group	3,494,986	199,106	(1,679,124)	2,014,968
Total liabilities	3,494,986	199,106	(1,679,124)	2,014,968
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2018				
Assets that belong to the Group	5,056,519	100,859	(2,289,075)	2,868,303
Total Assets	5,056,519	100,859	(2,289,075)	2,868,303
Liabilities that belong to the Group	3,009,049	188,964	(1,424,805)	1,773,208
Total liabilities	3,009,049	188,964	(1,424,805)	1,773,208



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21. Valuation of Property, Plant and Equipment

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

22. Material Event Subsequent to the Balance Sheet Date

On 1 August 2019, the Board of Directors of TH Plantations Berhad has approved the proposal to dispose four additional subsidiary companies.

23. 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 29 August 2019.

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

Approved and contracted for
Approved but not contracted for

30.06.2019 RM'000
576
101,205
101,781

25. Material Related Party Transactions

			For the second quarter ended 30.06.2019
Transacting Parties	Relationship	Nature of transactions	RM'000
Transactions with THP Lembaga Tabung Haji Lembaga Tabung Haji	Holding Corporation Holding Corporation	Lease of land Rental of office	1,464 2,360
Transactions with THP Group Syarikat Takaful Malaysia TH Travel Sdn Bhd Deru Semangat Sdn Bhd	Related Company Related company Related Company	Insurance premium Purchase flight tickets Management fees	4,279 81 131

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

26. Review of Group's Financial Performance

	UNAUDITED SECOND QUARTER TODATE		VARIANCE	
	CURRENT YEAR	PRECEDING YEAR		
	30.06.2019	30.06.2018	RM'000	%
	RM'000	RM'000		
Revenue	221,396	259,793	(38,397)	(14.78)
Fair value change in biological assets	3,129	12,405	(9,276)	(74.78)
Operating profit	25,836	62,090	(36,254)	(58.39)
Profit Before Interest and Tax ("PBIT")	8,272	39,705	(31,433)	(79.17)
(Loss)/ Profit Before Tax ("LBT)/ PBT")	(32,121)	9,604	(41,725)	(434.45)
(Loss)/ Profit after Tax ("LAT)/ PAT")	(31,647)	8,117	(39,764)	(489.89)
(Loss)/ Profit attributable to owners of the Company ("LATAMI/ PATAMI")	(27,241)	3,432	(30,673)	(893.74)

	SECOND QUARTER TODATE		VARIANCE	
	2019	2018	MT	%
	MT	MT		
Sales volume				
Crude palm oil	92,621	84,431	8,190	9.70
Palm kernel	20,756	18,040	2,716	15.06
FFB	58,262	66,004	(7,742)	(11.73)

	SECOND QUARTER TODATE		VARIANCE	
	2019	2018	RM/MT	%
	RM/MT	RM/MT		
Average realised prices				
Crude palm oil	1,915	2,311	(396)	(17.14)
Palm kernel	1,156	1,899	(743)	(39.13)
FFB	344	461	(117)	(25.38)



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

Overall

The Group's revenue for the six months ended 2019 ("1H19") declined by 14.78% to RM221.40 million due to lower average realised prices for CPO, PK and FFB. The Group incurred loss before taxation of RM32.12 million as compared to Profit before Taxation of RM9.60 million in the corresponding quarter in previous year due to:

- a) Lower revenue by RM38.40 million.
- b) Lower fair value change in biological assets by RM9.28 million.
- c) Higher finance cost by RM9.90 million mainly due to adoption of MFRS 16 Leases.

Plantation sector

In 1H19, FFB production increased by 4.04% to 414,501.51 mt with FFB yield per hectare of 8.06 mt/ha. OER increased to 20.13% compared to 19.81% achieved in the same period last year. Despite the improved operational performance, the plantation sector incurred loss before taxation of RM21.37 million as compared to Profit before Taxation of RM24.95 million in 1H18 due to lower selling prices and lower fair value change in biological assets.

Forestry sector

For 1H19, the forestry sector recorded a lower LBT of RM7.96 million, as compared to a LBT of RM8.86 million in 1H18. This is a result of lower operating expenses in 1H19.



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

	2019	2019	VARIANCE	
	Quarter 2	Quarter 1	RM'000	%
Revenue	106,113	115,283	(9,170)	(7.95)
Fair value change in biological assets	(3,535)	6,664	(10,199)	(153.05)
Operating profit	958	24,878	(23,920)	(96.15)
(Loss)/Profit Before Interest and Tax ("PBIT/LBIT")	(8,585)	16,857	(25,442)	(150.93)
Loss Before Tax ("LBT")	(29,088)	(3,033)	(26,055)	(859.05)
Loss after Tax ("LBT")	(22,745)	(8,902)	(13,843)	(155.50)
Loss attributable to owners of the Company ("LATAMI")	(19,150)	(8,091)	(11,059)	(136.68)

	2019	2019	VARIANCE	
	Quarter 2	Quarter 1	MT	%
Sales volume				
Crude palm oil	45,116	47,505	(2,389)	(5.03)
Palm kernel	9,850	10,906	(1,056)	(9.68)
FFB	28,219	30,043	(1,824)	(6.07)

	2019	2019	VARIANCE	
	Quarter 2	Quarter 1	RM/MT	%
Average realised prices				
Crude palm oil	1,906	1,924	(18)	(0.94)
Palm kernel	1,062	1,241	(179)	(14.42)
FFB	343	345	(2)	(0.58)



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

Overall

The Group's revenue decreased by 7.95% to RM106.11 million compared to the preceding quarter. The Group incurred a higher LBT of RM29.09 million in 2Q19 compared to RM3.03 million in 1Q19 due to the following:

- a) Changes in the fair value of biological assets from positive RM6.66 million in 1Q19 to negative RM3.54 million in 2Q19.
- b) Lower revenue due to lower sales volume and average realised prices for all products.
- c) Higher estate production cost by RM8.48 million mainly due to higher manuring cost during the current quarter.

Plantation sector

The Plantation sector registered a LBT of RM26.58 million in the current quarter compared to a PBT of RM5.21 million in the preceding quarter. A few factors contributed to the significant change in results, as follows:

- a) Significant movement in fair value of biological assets from positive RM6.66 million in 1Q19 to negative RM3.54 million in 2Q19 due to production and price movements.
- b) Lower revenue by RM9.17 million due to lower sales volume and average realised prices for all products.
- c) Higher estate production cost by RM8.48 million mainly due to higher manuring cost during the current quarter.

Forestry sector

For 2Q19, the forestry sector registered a lower LBT of RM3.81 million compared to RM4.15 million LBT in preceding quarter. This is due to lower operating expenses incurred during 2Q19 as compared to the preceding quarter



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28. Current Year Prospects

Overall production for the industry improved in the first half of the year compared to a year ago. However, prices of palm oil commodities have remained low, thus increasing pressure on industry profitability. The production had increased by 9.79% in 1H19 compare to 1H18. CPO prices had been capped by increase in stock by 10.82% and higher import by 80.15%. However the palm prices are expected to be supported by demand in the enforcement of higher biodiesel mandates in Indonesia & Malaysia. Besides biodiesel mandates, demand for Palm Oil from China and India is also expected to rise due to competitive CPO price against substitute oils, on-going US-China trade war & favourable India's import duties structure for Malaysia palm products. Production is expected to improve particularly in the peak production months of July to October.

The Group anticipates stronger production as well as improved operational efficiencies in FY2019. However, the Group's performance is also highly contingent on palm oil commodity prices which are expected to remain largely subdued at the current level.

29. Variance of Actual Profit from Forecast Profit

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

30. Taxation

	SECOND QUARTER		CUMULATIVE QUARTER	
	Current year RM000	Preceding year RM000	Current year RM000	Preceding year RM000
Current	(484)	(4,312)	(5,346)	(9,568)
Deferred	6,827	6,094	5,820	8,081
	6,343	1,782	474	(1,487)

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

Current year tax for 2Q19 was lower compared to last year due to higher deferred tax assets recognised during the year and also lower taxable income.

31. Unquoted Investments and /or Properties

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



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32. Quoted Investments

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

33. Status of Corporate Proposals

There are no other corporate proposals announced for the current quarter under review.

34. Group Borrowings

As at 30 June 2019, total borrowings are as follows:

	Note	As at 30.06.2019 RM'000	As at 31.12.2018 RM'000
Non-current			
Secured			
Commodity Murabahah Term Financing-i (THPS)		215,400	229,819
Commodity Murabahah Term Financing-i (PTPKP)		46,735	38,612
Unsecured			
SUKUK Murabahah		895,000	895,000
Medium Term Notes		36,993	36,079
Term Financing			
		1,194,128	1,199,510
Current			
Secured			
Flexi Term Financing-i		4,265	13,715
Commodity Murabahah Term Financing-i (THPS)		32,000	30,000
Commodity Murabahah Revolving-i		60,000	-
Unsecured			
Islamic Trade Financing-i		20,429	11,544
		116,694	55,259
Transfer to assets held for sale	19	(4,265)	(13,715)
		112,429	41,544
		1,306,557	1,241,054



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34. 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
1-2 years	2019	-	94,429	94,429	-
2-3 years	2020	40,000	29,500	69,500	-
3-4 years	2021	75,000	30,000	105,000	-
4-5 years	2022	100,000	30,000	130,000	1,000
5-6 years	2023	105,000	33,000	138,000	2,000
6-7 years	2024	110,000	37,000	147,000	2,000
7-8 years	2025	120,000	39,500	159,500	2,000
8-9 years	2026	145,000	34,400	179,400	4,279
9-10 years	2027	200,000	-	200,000	-
10-11 years	2028	-	-	-	-
11-12 years	2029	-	36,993	36,993	-
		895,000	364,822	1,259,822	11,279*

Total borrowings

Local currency denominated loan

Foreign currency denominated loan (USD 11.28 million)

30.06.2019 RM'000
1,259,822
46,735
1,306,557

35. 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.

36. Material Litigation

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



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37. Earnings Per Share

		UNAUDITED SECOND QUARTER		UNAUDITED CUMULATIVE	
		Current Year	Preceding Year	Current Year	Preceding Year
Basic earnings per share (Loss)/ Profit attributable to shareholders	RM'000	(19,150)	200	(27,241)	3,432
Weighted average number of ordinary shares in issue	000	883,851	883,851	883,851	883,851
Basic (loss)/ earnings per share	sen	(2.17)	0.02	(3.08)	0.39
Diluted earnings per share (Loss)/ Profit attributable to shareholders	RM'000	(19,150)	200	(27,241)	3,432
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 (loss)/ earnings per share	sen	(2.17)	0.02	(3.08)	0.39

38. 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 29 August 2019.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
29 August 2019