



TH Plantations Berhad

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		UNAUDITED			
		SECOND QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
Note		RM'000	RM'000	RM'000	RM'000
Revenue	27	127,570	106,113	243,121	221,396
Fair value changes on biological Assets	18.1	23,148	(3,535)	12,349	3,129
Cost of sales		(92,466)	(101,620)	(171,622)	(198,689)
Gross profit		58,252	958	83,848	25,836
Other income	7	342	1,215	1,382	1,801
Administrative expenses	8	(8,062)	(8,919)	(16,250)	(16,453)
Other expenses	9	1,281	(1,839)	(17,904)	(2,912)
Results from operating Activities		51,813	(8,585)	51,076	8,272
Profit margin income from short-term investments and receivables		121	109	425	207
Finance cost	10	(26,503)	(20,612)	(40,558)	(40,600)
Net finance cost		(26,382)	(20,503)	(40,133)	(40,393)
Profit/ (loss) before tax	27	25,431	(29,088)	10,943	(32,121)
Tax expense	31	(12,082)	6,343	(10,542)	474
Profit/ (loss) for the year	27	13,349	(22,745)	401	(31,647)
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		(8,545)	1,094	(1,383)	1,220
Other comprehensive (expense)/ income, net of tax		(8,545)	1,094	(1,383)	1,220
Total comprehensive income/ (expense) for the year		4,804	(21,651)	(982)	(30,427)



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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
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
		RM'000	RM'000	RM'000	RM'000
Profit/ (loss) attributable to:	Note				
Owners of the Company		8,157	(19,150)	(3,374)	(27,241)
Non-controlling interests		5,192	(3,595)	3,775	(4,406)
Profit/ (loss) for the year		13,349	(22,745)	401	(31,647)
Total comprehensive income /(expense) attributable to:					
Owners of the Company		211	(18,132)	(4,660)	(26,106)
Non-controlling interests		4,593	(3,519)	3,678	(4,321)
Total comprehensive income/ (expense) for the year		4,804	(21,651)	(982)	(30,427)
Basic earnings per ordinary share (sen)	38	0.92	(2.17)	(0.38)	(3.08)
Diluted earnings per ordinary share (sen)	38	0.92	(2.17)	(0.38)	(3.08)

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 30.06.2020	As at 31.12.2019
		RM'000	RM'000
Assets			
Property, plant and equipment		851,943	774,085
Right-of-use – property, plant and equipment		629,977	634,060
Plantation development expenditure	14	24,246	111,410
Forestry	15	6,385	6,385
Intangible asset	16	-	-
Other investments	17	1,825	1,825
Deferred tax assets		33,101	34,295
Total non-current assets		1,547,477	1,562,060
Inventories		12,308	7,902
Current tax assets		3,791	6,744
Biological assets	18	45,272	35,405
Other investments	17	1,255	1,239
Trade and other receivables		38,857	31,375
Prepayments and other assets		8,381	8,022
Cash and cash equivalents	19	49,741	68,953
		159,605	159,640
Assets classified as held for sale	20	1,020,127	1,014,902
Total current assets		1,179,732	1,174,542
Total assets		2,727,209	2,736,602



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 30.06.2020	As at 31.12.2019
		RM'000	RM'000
Equity			
Capital and reserve		767,285	768,571
Accumulated losses		(207,517)	(204,143)
Equity attributable to owners of the Company		559,768	564,428
Non-controlling interests		257,054	253,376
Total equity		816,822	817,804
Liabilities			
Loans and borrowings	35	1,085,162	1,139,644
Lease liabilities		77,147	75,121
Employee benefits		742	730
Deferred tax liabilities		192,410	193,102
Trade and other payables		10,958	9,826
Total non-current liabilities		1,366,419	1,418,423
Loans and borrowings	35	176,382	139,771
Lease liabilities		1,873	1,605
Trade and other payables		216,028	209,610
Current tax liabilities		1,048	685
		395,331	351,671
Liabilities classified as held for sale	20	148,637	148,704
Total current liabilities		543,968	500,375
Total liabilities		1,910,387	1,918,798
Total equity and liabilities		2,727,209	2,736,602
Net tangible assets per share (RM)		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.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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 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 SECOND QUARTER ENDED 30 JUNE 2020 (continued)

Group	Note	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/					Total 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	Distributable Retained earnings/ (Accumulated losses) 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		-	-	(1,286)	(1,286)	-	(1,286)	(97)	(1,383)
Total other comprehensive income for the year		-	-	(1,286)	(1,286)	-	(1,286)	(97)	(1,383)
Profit/ (Loss) for the year		-	-	-	-	(3,374)	(3,374)	3,775	401
Total comprehensive income for the year		-	-	(1,286)	(1,286)	(3,374)	(4,660)	3,678	(982)
<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 2020		862,752	(80,935)	(14,532)	767,285	(207,517)	559,768	257,054	816,822

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 SECOND QUARTER ENDED 30 JUNE 2020

	FOR THE SECOND QUARTER ENDED	
	30.06.2020	30.06.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (loss) before tax	10,943	(32,121)
Adjustment for non-cash items	69,387	26,497
Operating profit/ (loss) before changes in working capital	80,330	(5,624)
Net changes in working capital	(10,860)	4,020
Cash generated from operations	69,470	(1,604)
Profit margin income from short-term investments and other receivables	425	207
Finance cost	(30,268)	(36,715)
Tax paid	(5,585)	(9,550)
Tax refund	3,275	390
Net cash generated from/ (used in) operating activities	37,317	(47,272)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(398)	(3,622)
Decrease in other investment	(16)	674
Plantation development expenditure	(8,649)	(18,953)
Forestry	(6,211)	(2,964)
Net cash used in investing activities	(15,274)	(24,865)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2020 (continued)

	FOR THE SECOND QUARTER ENDED	
	30.06.2020	30.06.2019
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to owners of the Company	-	(58)
Dividends paid to non-controlling interest	(2,616)	(2,635)
Proceeds from drawdown of loans and borrowings	-	68,122
Proceeds from drawdown of tradeline	62,335	62,946
Loan repayment	(100,974)	(76,011)
Net cash used in financing activities	(41,255)	52,364
Net decrease in cash and cash equivalents	(19,212)	(19,773)
Cash and cash equivalents at 1 January	68,953	50,969
Cash and cash equivalents at end of the period	49,741	31,196

Note

Cash and cash equivalents comprise:

			FOR THE SECOND QUARTER ENDED	
			30.06.2020	30.06.2019
			RM'000	RM'000
Deposits			37,755	17,550
Less: Other investments			(1,255)	(1,213)
	19		36,500	16,337
Cash and bank balances	19		13,241	14,859
			49,741	31,196



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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

30.06.2020	30.06.2019
RM'000	RM'000
778	573
604	1,228
1,382	1,801

8. Administrative expenses

Administrative expenses consist of the followings:

- a) Overhead expenses
- b) Sundry expenses

30.06.2020	30.06.2019
RM'000	RM'000
11,337	12,388
4,913	4,065
16,250	16,453

9. Other expenses

Other expenses consist of the followings:

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

30.06.2020	30.06.2019
RM'000	RM'000
609	2,010
-	230
16,908	-
387	672
17,904	2,912



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10. Finance cost

Finance cost on:

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

30.06.2020	30.06.2019
RM'000	RM'000
36,012	34,153
91	115
4,455	6,332
40,558	40,600

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 second quarter ended 30 June 2020.



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14. Plantation development expenditure

	OIL PALM		TEAK		TOTAL	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	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	8,901	42,783	61	154	8,962	42,937
Addition of nurseries	850	1,703	-	-	850	1,703
Transfer to property, plant and equipment	(97,358)	(35,904)	-	-	(97,358)	(35,904)
Impairment	-	(20,316)	(61)	-	(61)	(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	443	2,610	-	-	443	2,610
	22,259	109,423	1,987	1,987	24,246	111,410

15. Forestry

	30.06.2020	31.12.2019
	RM'000	RM'000
At 1 January	6,385	49,825
Addition during the year	6,382	25,083
Transfer from nurseries	-	(13,385)
Addition charged to profit and loss	(6,382)	(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

30.06.2020	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)

30.06.2020	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

30.06.2020	31.12.2019
RM'000	RM'000
35,405	35,658
9,867	7,405
45,272	43,063
-	1,417
-	(9,075)
45,272	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:

	30.06.2020	31.12.2019
	RM'000	RM'000
Biological asset	9,867	7,405
Biological asset Classified as asset held for sale	2,482	3,626
	12,349	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

	30.06.2020	31.12.2019
	RM'000	RM'000
Deposits placed with licensed banks	36,500	58,423
Cash and bank balances	13,241	10,708
	49,741	69,131
Transfer to assets held for sale	-	26
Transfer to assets held for sale	-	(204)
	49,741	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

		30.06.2020
		RM'000
Property, plant and equipment ("PPE")	Note a	660,971
Right-of-use – PPE	b	249,390
Plantation development expenditure ("PDE")		42,034
Deferred tax assets		30,097
Biological assets		20,357
Inventories		2,774
Current tax assets		859
Trade and other receivables		12,512
Prepayment and Other assets		186
Cash and cash equivalents		947
		1,020,127

Liabilities classified as held for sale

	30.06.2020
	RM'000
Lease liabilities	35,228
Deferred tax liability	83,897
Payables and accruals	28,416
Current tax payable	1,096
	148,637



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20. Group assets held for sale (continued)

Note

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

	30.06.2020
	RM'000
Cost	914,888
Accumulated depreciation	(253,917)
	660,971

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

	30.06.2020
	RM'000
Cost	355,722
Accumulated depreciation	(106,332)
	249,390



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21. Operating segments

	Oil palm Plantation	Forestry	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
RESULTS FOR 3 MONTHS ENDED				
30 JUNE 2020				
External operating revenue	127,570	-	-	127,570
Inter-segment revenue	16,427	-	(16,427)	-
Total operating revenue	143,997	-	(16,427)	127,570
Fair value change in biological assets	23,148	-	-	23,148
Other income	13,713	27	(13,277)	463
	180,858	27	(29,704)	151,181
Operating expenses	(113,192)	(689)	21,415	(92,466)
Segment results	67,666	(662)	(8,289)	58,715
Other expenses	(4,355)	(54)	(2,372)	(6,781)
Finance cost	(35,223)	(2,966)	11,686	(26,503)
Profit/ (loss) before tax	28,088	(3,682)	1,025	25,431
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)



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21. 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 2020				
External operating revenue	243,121	-	-	243,121
Inter-segment revenue	34,819	-	(34,819)	-
Total operating revenue	277,940	-	(34,819)	243,121
Fair value change in biological assets	12,349	-	-	12,349
Other income	38,534	99	(36,826)	1,807
	328,823	99	(71,645)	257,277
Operating expenses	(214,353)	(1,444)	44,175	(171,622)
Segment results	114,470	(1,345)	(27,470)	85,655
Other expenses	(42,835)	(128)	8,809	(34,154)
Finance cost	(71,530)	(5,916)	36,888	(40,558)
Profit/ (loss) before tax	105	(7,389)	18,227	10,943
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)



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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 JUNE 2020				
Assets that belong to the Group	3,371,889	23,354	(668,034)	2,727,209
Total Assets	3,371,889	23,354	(668,034)	2,727,209
Liabilities that belong to the Group	2,684,370	214,042	(988,025)	1,910,387
Total liabilities	2,684,370	214,042	(988,025)	1,910,387
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

On 31 July 2020, the Group had completed the Share Purchase Agreement (“SPA”) in relation to the disposal of 70% equity interests in THP-YT. (Please refer to Note 34)

Following the completion of the Proposed Sale Shares, THP-YT has ceased to be a subsidiary of THP.

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 26 August 2020.

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

Approved and contracted for
Approved but not contracted for

30.06.2020
RM'000
555
53,901
54,456

26. Material Related Party Transactions

Transacting Parties	Relationship	Nature of transactions	For the second quarter ended 30.06.2020 RM'000
Transactions with THP Lembaga Tabung Haji	Holding Corporation	Lease of land	1,464
Transactions with THP Group TH Travel Sdn Bhd Deru Semangat Sdn Bhd	Related Company Related Company	Purchase of flight ticket Management fees	19 103

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 SECOND QUARTER		VARIANCE	
	CURRENT YEAR	PRECEDING YEAR		
	30.06.2020	30.06.2019	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	243,121	221,396	21,725	9.81
Fair value change in biological assets	12,349	3,129	9,220	294.66
Operating profit	83,848	25,836	58,012	224.54
Profit Before Interest and Tax ("PBIT")	51,076	8,272	42,804	517.46
Profit/ (loss) Before Tax ("PBT/(LBT)")	10,943	(32,121)	43,064	134.07
Profit/ (loss) After Tax ("PAT/(LAT)")	401	(31,647)	32,048	101.27
Loss attributable to owners of the Company ("LATAMI")	(3,374)	(27,241)	23,867	87.61

	SECOND QUARTER		VARIANCE	
	2020	2019		
	MT	MT	MT	%
Sales volume				
Crude palm oil ("CPO")	81,130	92,621	(11,491)	(12.41)
Palm kernel ("PK")	17,955	20,756	(2,801)	(13.49)
Fresh Fruit Bunches ("FFB")	50,411	58,262	(7,851)	(13.48)

	SECOND QUARTER		VARIANCE	
	2020	2019		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
Crude palm oil	2,388	1,915	473	24.70
Palm kernel	1,463	1,156	307	26.56
FFB	459	344	115	33.43



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

Overall

The Group's revenue for the six months ended 2020 ("1H20") higher by 9.81% to RM243.12 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 224.54% as compared to 1H19. The Group registered a PBT of RM10.94 million as compared to LBT of RM32.12 million in the corresponding quarter in previous year due to:

- a) Higher revenue by RM21.73 million.
- b) Higher fair value change in biological assets by RM9.22 million.
- c) Lower cost of sales by RM27.07 million.
- d) Higher operating expenses mainly due to unrealised foreign exchange loss amounting to RM16.91 million.

Plantation sector

In 1H20, Plantation sector has registered a higher revenue by 9.81% 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 RM0.1 million as compared to LBT of RM21.37 million in the corresponding quarter in previous year mainly due to:

- a) Higher revenue by RM21.73 million.
- b) Higher fair value change in biological assets by RM9.22 million.
- c) Lower cost of sales by RM13.31 million.
- d) Higher operating expenses mainly due to unrealised foreign exchange loss amounting to RM16.91 million.

Forestry sector

For 1H20, the forestry sector recorded a lower LBT of RM7.39 million, as compared to RM7.96 million in 1H19. This is a result of lower operating expenses in 1H20.



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

	2020	2020	VARIANCE	
	Quarter 2	Quarter 1	RM'000	%
Revenue	127,570	115,551	12,019	10.40
Fair value change in biological assets	23,148	(10,799)	33,947	314.35
Operating profit	58,252	25,596	32,656	127.58
Profit/ (Loss) Before Interest and Tax ("PBIT/(LBIT)")	51,813	(737)	52,550	7,130.26
Profit/ (Loss) Before Tax ("PBT/LBT")	25,431	(14,488)	39,919	275.53
Profit/ (Loss) After Tax ("PAT/LAT")	13,349	(12,948)	26,297	203.10
Profit/ (Loss) attributable to owners of the Company ("PATAMI/ (LATAMI)")	8,157	(11,531)	19,688	170.74

	2020	2020	VARIANCE	
	Quarter 2	Quarter 1	MT	%
Sales volume				
Crude palm oil	45,398	35,732	9,666	27.05
Palm kernel	10,157	7,798	2,359	30.25
FFB	30,255	20,156	10,099	50.10

	2020	2020	VARIANCE	
	Quarter 2	Quarter 1	RM/MT	%
Average realised prices				
Crude palm oil	2,236	2,580	(344)	(13.33)
Palm kernel	1,306	1,668	(362)	(21.70)
FFB	423	513	(90)	(17.54)



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

Overall

The Group's revenue increased by 10.40% to RM127.57 million compared to the preceding quarter mainly due to higher sales volume for CPO, PK and FFB despite of lower average realised prices for CPO, PK and FFB. The Group registered a PBT of RM25.43 million in 2Q20 as compared to LBT of RM14.49 million in 1Q20 due to:

- a) Higher revenue by RM12.02 million
- b) Higher fair value change in biological assets by RM33.95 million.

Plantation sector

The Plantation sector registered a PBT of RM28.09 million in the current quarter compared to loss RM27.98 million in the preceding quarter. A few factors contributed to the significant change in results, as follows:

- a) Higher revenue by RM12.02 million
- b) Higher fair value change in biological assets by RM33.95 million.

Forestry sector

For 2Q20, the forestry sector registered a lower LBT of RM3.68 million compared to RM3.71 million in preceding quarter. This is due to lower operating expenses incurred during 2Q20 as compared to the preceding 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 depend on the movement of palm products prices and the progress of our 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.

The proactive actions taken by the Malaysian Government to support the commodity sector through 100% export duty exemption from 1 July 2020 to 31 December 2020 for CPO augur well for the palm oil industry.

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 Movement Control Order imposed by the Government as well as other countries.

The Group is also facing challenges from the shortage of foreign labour in the Malaysian palm oil industry resulting from the international travel restrictions that were implemented to prevent the spread of COVID-19. In addition, the Government recently announced that all industries including plantation are prohibited from hiring new foreign workers until the end of the year. As such, the Group is actively monitoring and managing our operations to minimise any impact 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.



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31. Taxation

	SECOND QUARTER		CUMULATIVE QUARTER	
	Current year RM000	Preceding year RM000	Current year RM000	Preceding year RM000
Current	(6,513)	(484)	(10,607)	(5,346)
Deferred	(5,569)	6,827	65	5,820
	(12,082)	6,343	(10,542)	474

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

Current year tax for 2Q20 was higher compared to last year due to higher corporate and deferred tax liabilities 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.

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 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 (b) was completed on 31 July 2020. However proposal (a) has 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.



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35. Group Borrowings

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

	Note	As at	As at
		30.06.2020	31.12.2019
		RM'000	RM'000
Non-current			
Secured			
Commodity Murahabah Term Financing-i (THPS)		200,313	200,482
Commodity Murahabah Term Financing-i (PTPKP)		65,984	46,254
Unsecured			
SUKUK Murabahah		780,000	855,000
Medium Term Notes		38,865	37,908
Term Financing			
		1,085,162	1,139,644
Current			
Secured			
Commodity Murabahah Revolving credit-i		60,000	60,000
Commodity Murahabah Term Financing-i (THPS)		29,750	29,500
Unsecured			
SUKUK Murabahah		75,000	40,000
Medium Term Notes		11,632	10,271
Islamic Trade Financing-i			
		176,382	139,771
		1,261,544	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	-	86,382	86,382	-
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	48,313	193,313	3,500
7-8 years	2027	200,000	-	200,000	1,279
8-9 years	2028	-	-	-	-
9-10 years	2029	-	38,865	38,865	-
		855,000	340,560	1,195,560	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 SECOND QUARTER		UNAUDITED CUMULATIVE	
		Current Year	Preceding Year	Current Year	Preceding Year
Basic earnings per share					
Profit/ (Loss) attributable to shareholders	RM'000	8,157	(19,150)	(3,374)	(27,241)
Weighted average number of ordinary shares in issue	000	883,851	883,851	883,851	883,851
Basic earnings/ (loss) per share	sen	0.92	(2.17)	(0.38)	(3.08)
Diluted earnings per share					
Profit / (Loss) attributable to shareholders	RM'000	8,157	(19,150)	(3,374)	(27,241)
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	0.92	(2.17)	(0.38)	(3.08)

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 26 August 2020.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
26 August 2020