



TH Plantations Berhad

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ON UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

		UNAUDITED			
		3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		172,514	250,445	318,885	448,555
Fair value changes in biological assets		3,926	(20,896)	7,198	(9,696)
Cost of sales		(154,770)	(183,638)	(273,371)	(324,693)
Gross profit		21,670	45,911	52,712	114,166
Other income		14,100	4,955	23,192	6,313
Administrative expenses		(8,410)	(9,994)	(15,815)	(18,466)
Other expenses		(1,843)	(4,445)	(2,565)	(6,966)
Results from operating activities		25,517	36,427	57,524	95,047
Profit margin income from short-term investments and receivables		846	740	1,728	1,838
Finance cost		(13,373)	(19,345)	(26,853)	(39,372)
Net finance cost		(12,527)	(18,605)	(25,125)	(37,534)
Profit before tax	9	12,990	17,822	32,399	57,513
Tax expense	24	(7,928)	(8,101)	(13,633)	(20,973)
Profit for the period		5,062	9,721	18,766	36,540
Other comprehensive expense, 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		(5,450)	(735)	(9,770)	(882)
Changes from post employment benefit		-	(5)	-	(5)
Other comprehensive expense, net of tax		(5,450)	(740)	(9,770)	(887)
Total comprehensive (expenses)/ income for the period		(388)	8,981	8,996	35,653



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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ON UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (continued)

		UNAUDITED			
		3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
	Note				
Profit attributable to:					
Owners of the Company		5,310	9,763	16,786	31,354
Non-controlling interests		(248)	(42)	1,980	5,186
Profit for the period		5,062	9,721	18,766	36,540
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		242	9,079	7,700	30,533
Non-controlling interests		(630)	(98)	1,296	5,120
Total comprehensive (expense)/ income for the period		(388)	8,981	8,996	35,653
Basic/ Diluted earnings per ordinary share (sen)	31	0.09	1.10	0.89	3.55



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Assets			
Property, plant, and equipment		897,853	832,686
Right-of-use assets		647,276	651,387
Plantation development expenditure	10	20,032	90,983
Forestry	11	38,958	38,958
Other investments		1,825	1,825
Deferred tax assets		40,338	38,979
Total non-current assets		1,646,282	1,654,818
Inventories		25,098	32,988
Current tax assets		16,207	8,493
Biological assets	12	25,884	20,113
Other investments		29,118	27,923
Trade and other receivables		32,550	32,959
Prepayments and other assets		5,308	5,913
Cash and cash equivalents		83,701	116,200
		217,866	244,589
Assets classified as held for sale	13	785,027	781,040
Total current assets		1,002,893	1,025,629
Total assets		2,649,175	2,680,447



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Equity			
Capital and reserve		763,339	772,425
Accumulated losses		(78,983)	(73,566)
Equity attributable to owners of the Company		684,356	698,859
Perpetual Sukuk		300,000	300,000
Non-controlling interests		299,240	308,249
Total equity		1,283,596	1,307,108
Liabilities			
Loans and borrowings	28	806,090	824,358
Lease liabilities		74,180	74,730
Employee benefits		32	428
Deferred tax liabilities		196,831	192,810
Trade and other payables		16,683	15,434
Total non-current liabilities		1,093,816	1,107,760
Loans and borrowings	28	36,000	32,000
Lease liabilities		3,640	2,870
Current tax liabilities		1,432	1,519
Trade and other payables		84,268	90,633
		125,340	127,022
Liabilities classified as held for sale	13	146,423	138,557
Total current liabilities		271,763	265,579
Total liabilities		1,365,579	1,373,339
Total equity and liabilities		2,649,175	2,680,447
Net assets per share (RM)		0.77	0.79



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2023

/-----Attributable to owners of the Company-----/
 /-----Non-distributable-----/ Distributable

	Share capital RM'000	Other reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Accumulated losses RM'000	Total RM'000	Perpetual sukuk RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2022	862,752	(80,658)	(13,054)	769,040	(119,986)	649,054	-	295,832	944,886
Foreign currency translation differences for foreign operations	-	-	3,390	3,390	-	3,390	-	253	3,643
Remeasurement loss on defined benefit liability	-	(5)	-	(5)	-	(5)	-	-	(5)
Total other comprehensive (expense)/income for the year	-	(5)	3,390	3,385	-	3,385	-	253	3,638
Profit for the year	-	-	-	-	68,771	68,771	-	19,165	87,936
Total comprehensive (expense)/income for the year	-	(5)	3,390	3,385	68,771	72,156	-	19,418	91,574
Increase in investment in subsidiary	-	-	-	-	-	-	-	2,682	2,682
Issuance of perpetual Sukuk	-	-	-	-	-	-	300,000	-	300,000
Profit distribution of perpetual Sukuk	-	-	-	-	(9,093)	(9,093)	-	-	(9,093)
<i>Contribution by and distribution to owners of the Group</i>									
Dividends to owners of the Company	-	-	-	-	(13,258)	(13,258)	-	(9,683)	(22,941)
At 31 December 2022	862,752	(80,663)	(9,664)	772,425	(73,566)	698,859	300,000	308,249	1,307,108



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (continued)

/-----Attributable to owners of the Company-----/
/-----Non-distributable-----/ Distributable

	Share capital RM'000	Other reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Accumulated losses RM'000	Total RM'000	Perpetual sukuk RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2023	862,752	(80,663)	(9,664)	772,425	(73,566)	698,859	300,000	308,249	1,307,108
Foreign currency translation differences for foreign operations	-	-	(9,086)	(9,086)	-	(9,086)	-	(684)	(9,770)
Total other comprehensive expense for the period	-	-	(9,086)	(9,086)	-	(9,086)	-	(684)	(9,770)
Profit for the period	-	-	-	-	16,786	16,786	-	1,980	18,766
Total comprehensive (expense)/income for the period	-	-	(9,086)	(9,086)	16,786	7,700	-	1,296	8,996
Profit distribution of perpetual Sukuk	-	-	-	-	(8,945)	(8,945)	-	-	(8,945)
<i>Contribution by and distribution to owners of the Group</i>									
Dividends to owners of the Company	-	-	-	-	(13,258)	(13,258)	-	(10,305)	(23,563)
At 30 June 2023	862,752	(80,663)	(18,750)	763,339	(78,983)	684,356	300,000	299,240	1,283,596



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

	UNAUDITED 6 MONTHS ENDED	
	30.06.2023	30.06.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	32,399	57,513
Adjustment for non-cash items	35,062	77,618
Operating profit before changes in working capital	67,461	135,131
Net changes in working capital	5,669	(17,211)
Cash generated from operations	73,130	117,920
Profit margin income from short-term investments and other receivables	1,728	1,838
Finance cost	(26,853)	(39,372)
Tax paid	(22,215)	(19,452)
Zakat paid	(158)	(82)
Tax refund	1,639	42
Net cash generated from operating activities	27,271	60,894
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,648)	(7,414)
Acquisition of right of use	(536)	-
Plantation development expenditure	(10,326)	(5,523)
Dividend received	201	256
(Increase)/ Decrease in other investment	(1,195)	14,260
Net cash (used in)/ from investing activities	(16,504)	1,579



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (continued)

	UNAUDITED 6 MONTHS ENDED	
	30.06.2023 RM'000	30.06.2022 RM'000
Cash flows from financing activities		
Decrease in amount due to holding corporation	-	(5,508)
Decrease in amount due to related companies	-	(1,729)
Proceeds from drawdown of loans and borrowings	-	58,345
Dividend paid to owners of the Company	(13,128)	-
Dividend paid to non-controlling interests	(10,305)	-
Loan repayment	(15,500)	(231,067)
Payment of lease liabilities	(4,236)	(3,750)
Net cash used in financing activities	(43,169)	(183,709)
Net decrease in cash and cash equivalents	(32,402)	(121,236)
Cash and cash equivalents at 1 January	116,369	260,946
Cash and cash equivalents at the end of the period	83,967	139,710

Cash and cash equivalents comprise:

	UNAUDITED 6 MONTHS ENDED	
	30.06.2023 RM'000	30.06.2022 RM'000
Deposits	94,268	161,476
Less: Other investments	(29,118)	(24,075)
Cash and bank balances	65,150	137,401
	18,817	2,309
	83,967	139,710
Assets classified as held for sale	(266)	(456)
	83,701	139,254

Note

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NOTES PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, *Interim Financial Reporting*, and appendix 9B (Part A) of the Listing Requirement of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

The audited financial statements of the Group for the financial year ended 31 December 2022 were prepared in accordance with MFRS, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia.

2. Significant accounting policies

The significant accounting policies adopted in this interim financial statement are consistent with those adopted in the annual audited financial statement for the financial year ended 31 December 2022, except the Group adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023 as follows:

- *Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Policies*
- *Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- *Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption of the above did not have any material impact on the financial statements of the Group.

3. Auditors' report on preceding annual financial statements

The report of the auditor on the Group’s financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

4. Seasonal or cyclical factors

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

5. Unusual items

There are no unusual items affecting assets, liabilities, equity, and net income or cash flows of the Group during the current quarter under review because of its nature, size, and incidence.



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6. 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 2022.

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.

7. Changes in debt and equity securities

During the period under review, the Group has made a principal repayment of RM15.50 million Commodity Murabahah Term Financing-i.

Apart from the above, there were no other issuances, cancellations, repurchases, or resales of debt and equity securities during the period under review.

8. Dividends

On 9 June 2023, the Company paid a final dividend of 1.50 sen per ordinary share in issue, in respect of the financial year ended 31 December 2022. No dividends were declared during the current quarter ended 30 June 2023.

9. Profit before tax

Profit before tax is stated after charging/ (crediting) the following items:

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation	15,128	24,819	26,723	42,489
Amortisation	2,475	4,418	4,255	7,434
Unrealised foreign exchange gain	(11,238)	(1,928)	(19,396)	(1,774)



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10. Plantation development expenditure

Cost

At 1 January
Additions during the period/year
Addition of nurseries
Transfer to property, plant and equipment
Effect of movement in exchange rate

30.06.2023	31.12.2022
RM'000	RM'000
157,530	167,804
10,438	19,597
-	790
(89,625)	(29,199)
1,996	(1,462)
80,339	157,530

Accumulated impairment loss

At 1 January
Impairment loss on nursery
Transfer to property, plant, and equipment

66,547	63,707
-	2,840
(6,240)	-
60,307	66,547

Carrying amount

At 30 June/ 31 December

20,032	90,983
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11. Forestry

At 1 January
Addition during the period/ year
Addition charged to profit and loss
Change in fair value recognised to profit or loss

30.06.2023	31.12.2022
RM'000	RM'000
38,958	21,587
7,380	16,400
(7,380)	(16,400)
-	17,371
38,958	38,958

An external, independent professional valuer determines the fair value of forestry on an annual basis except for RM1,987,000, which is determined based on an offer from a market participant at as it is basis.

The fair value measurement of the Group's forestry is categorised within Level 3 of the fair value hierarchy.



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12. Biological assets

	30.06.2023	31.12.2022
	RM'000	RM'000
At 1 January	20,113	32,432
Change in fair value recognised to profit or loss	5,753	(12,313)
	25,866	20,119
Effect of movement in exchange rate	18	(6)
	25,884	20,113

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

	30.06.2023	31.12.2022
	RM'000	RM'000
Biological asset	5,753	(12,313)
Biological asset classified as asset held for sale	1,445	(3,200)
	7,198	(15,513)

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 the 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 expected to be harvested.

The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy.



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13. Group assets held for sale

Investments in TH PELITA Meludam Sdn. Bhd. (“THPMel”), TH PELITA Beladin Sdn. Bhd. (“THPBel”), TH PELITA Simunjan Sdn. Bhd. (“THPSim”), TH PELITA Gedong Sdn. Bhd. (“THPGed”) and 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.

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

Group

Assets classified as held for sale

		30.06.2023
		RM'000
Property, plant, and equipment (“PPE”)	a	533,764
Right-of-use – ROU	b	204,169
Plantation development expenditure (“PDE”)		184
Deferred tax assets		25,269
Biological assets		7,378
Inventories		7,484
Trade and other receivables		6,409
Prepayment and other assets		104
Cash and cash equivalents		266
		785,027

Liabilities classified as held for sale

	30.06.2023
	RM'000
Lease liabilities	35,488
Deferred tax liabilities	78,962
Payables and accruals	29,775
Current tax liabilities	2,198
	146,423

Note

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

	30.06.2023
	RM'000
Cost	731,769
Accumulated depreciation	(198,005)
	533,764

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

	30.06.2023
	RM'000
Cost	295,037
Accumulated depreciation	(90,868)
	204,169



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14. Operating segments

The Group's segmental reporting for the financial period ended 30 June 2023 is as follows:

	Oil palm Plantation	Forestry	Total	Elimination	Total
	RM'000	RM'000	RM'000		
Segment profit	84,545	(855)	83,690	(51,291)	32,399
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	318,885	-	318,885	-	318,885
Change in fair value of biological assets	7,198	-	7,198	-	7,198
<i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i>					
Depreciation and amortisation	(30,735)	(243)	(30,978)	-	(30,978)
Finance costs	(74,661)	(7,423)	(82,084)	55,231	(26,853)
Profit margin income from short term investments and receivables	47,500	6	47,506	(45,778)	1,728
Segments assets	1,932,836	1,890	1,934,726	714,449	2,649,175
Additions to non-current assets other than financial instrument and deferred tax assets	15,805	-	15,805	-	15,805



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14. Operating segments (continued)

The Group's segmental reporting for the financial period ended 30 June 2022 is as follows:

	Oil palm Plantation	Forestry	Total	Elimination	Total
	RM'000	RM'000	RM'000		
Segment profit	165,128	(1,038)	164,090	(106,577)	57,513
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	448,555	-	448,555	-	448,555
Change in fair value of biological assets	(9,696)	-	(9,696)	-	(9,696)
<i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i>					
Depreciation and amortisation	(49,664)	(259)	(49,923)	-	(49,923)
Finance costs	(70,428)	(7,344)	(77,772)	38,400	(39,372)
Profit margin income from short term investments and receivables	41,894	4	41,898	(40,060)	1,838
Segments assets	4,049,350	40,462	4,089,812	(1,355,192)	2,734,620
Additions to non-current assets other than financial instrument and deferred tax assets	16,030	4,025	20,055	-	20,055



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15. Valuation of property, plant and equipment

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

16. Material event subsequent to the balance sheet date

There is no material event that occurred subsequent to the balance sheet date of this announcement.

17. 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 2023.

18. Capital and other commitments outstanding not provided for in the interim financial report

Approved but not contracted for

30.06.2023
RM'000
101,689
101,689

19. Related party transactions

Transacting Parties	Relationship	Nature of transactions	For the period ended 30.06.2023 RM'000
Transactions with THP			
Lembaga Tabung Haji	Holding Corporation	Lease of land	1,610
Syarikat Takaful Malaysia	Related company	Purchase of insurance	776
TH Travel & Services Sdn. Bhd.	Related company	Purchase of flight tickets	152

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

20. Review of financial performance

Quarter 2, 2023 vs Quarter 2, 2022

	3 MONTHS ENDED		VARIANCE	
	30.06.2023	30.06.2022		
	RM'000	RM'000	RM'000	%
Revenue	172,514	250,445	(77,931)	(31.12)
Fair value change on biological assets	3,926	(20,896)	24,822	118.79
Operating profit	21,670	45,911	(24,241)	(52.80)
Profit Before Interest and Tax ("PBIT")	25,517	36,427	(10,910)	(29.95)
Profit Before Tax ("PBT")	12,990	17,822	(4,832)	(27.11)
Profit After Tax ("PAT")	5,062	9,721	(4,659)	(47.93)
Profit attributable to owners of the Company ("PATAMI")	5,310	9,763	(4,453)	(45.61)

	3 MONTHS ENDED		VARIANCE	
	30.06.2023	30.06.2022		
	MT	MT	MT	%
Sales volume				
Crude Palm Oil ("CPO")	38,658	36,245	2,413	6.66
Palm Kernel ("PK")	9,872	8,572	1,300	15.17
Fresh Fruit Bunches ("FFB")	15,927	14,561	1,366	9.38

	3 MONTHS ENDED		VARIANCE	
	30.06.2023	30.06.2022		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
CPO	3,669	5,516	(1,847)	(33.48)
PK	1,918	3,649	(1,731)	(47.44)
FFB	737	1,322	(585)	(44.25)

For the second quarter ended 30 June 2023, the Group recorded RM172.51 million in revenue, a decrease of 31.12% from RM250.45 million reported in the corresponding quarter ended 30 June 2022, primarily due to lower revenue from oil palm plantations contributed by lower average realised prices for CPO, PK and FFB.

The Group recorded a lower PBT of RM12.99 million, a decrease of 27.11% from RM17.82 million reported in the corresponding quarter ended 30 June 2022, as a result of lower operating profit and partly moderated by higher other income.



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20. Review of financial performance (continued)

6 months ended 2023 vs 6 months ended 2022

	CUMULATIVE 6 MONTHS ENDED		VARIANCE	
	30.06.2023	30.06.2022		
	RM'000	RM'000	RM'000	%
Revenue	318,885	448,555	(129,670)	(28.91)
Fair value change on biological assets	7,198	(9,696)	16,894	174.24
Operating profit	52,712	114,166	(61,454)	(53.83)
PBIT	57,524	95,047	(37,523)	(39.48)
PBT	32,399	57,513	(25,114)	(43.67)
PAT	18,766	36,540	(17,774)	(48.64)
PATAMI	16,786	31,354	(14,568)	(46.46)

	CUMULATIVE 6 MONTHS ENDED		VARIANCE	
	30.06.2023	30.06.2022		
	MT	MT	MT	%
Sales volume				
CPO	69,637	63,092	6,545	10.37
PK	17,739	15,086	2,653	17.59
FFB	32,087	41,386	(9,299)	(22.47)

	CUMULATIVE 6 MONTHS ENDED		VARIANCE	
	30.06.2023	30.06.2022		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
CPO	3,738	5,346	(1,608)	(30.08)
PK	1,949	3,960	(2,011)	(50.78)
FFB	748	1,244	(496)	(39.87)

For the financial period ended 30 June 2023, the Group's recorded RM318.89 million in revenue, a decrease of 28.91% from RM448.56 million reported in the corresponding period ended 30 June 2022, primarily due to lower revenue recorded from oil palm plantations as a result of lower average realised prices for CPO, PK, and FFB despite higher sales volume for CPO and PK.

The Group recorded a lower PBT of RM32.40 million, a decrease of 43.67% from RM57.51 million in the corresponding period, primarily attributed to lower operating profit. However, it was partly moderated by higher other income and lower finance cost.



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21. Material changes in the quarterly results compared to the preceding quarter

	2023	2023	VARIANCE	
	Quarter 2	Quarter 1	RM'000	%
Revenue	172,514	146,371	26,143	17.86
Fair value change on biological assets	3,926	3,272	654	19.99
Operating profit	21,670	31,042	(9,372)	(30.19)
PBIT	25,517	32,007	(6,490)	(20.28)
PBT	12,990	19,409	(6,419)	(33.07)
PAT	5,062	13,704	(8,642)	(63.06)
PATAMI	5,310	11,476	(6,166)	(53.73)

	2023	2023	VARIANCE	
	Quarter 2	Quarter 1	MT	%
Sales volume				
CPO	38,658	30,979	7,679	24.79
PK	9,872	7,867	2,005	25.49
FFB	15,927	16,160	(233)	(1.44)

	2023	2023	VARIANCE	
	Quarter 2	Quarter 1	RM/MT	%
Average realised prices				
CPO	3,669	3,824	(155)	(4.05)
PK	1,918	1,987	(69)	(3.47)
FFB	737	759	(22)	(2.90)

Quarter 2, 2023 vs Quarter 1, 2023

The Group's revenue increased by 17.86% to RM172.51 million compared to the preceding quarter mainly due to higher sales volume for CPO and PK.

The Group has recorded a lower PBT of 33.07% compared to the preceding quarter primarily attributable to lower operating profit.



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22. Prospects

The heightened geopolitical tensions arising from the Russia-Ukraine conflict, inflationary pressures from higher cost and energy prices and the impending El Nino events continue to impact the global economic outlook, influencing commodities and edible oil market prices as well as affecting supply and demand.

The palm oil product prices are expected to remain supported throughout 2H2023, despite the lackluster demand and uncertain weather conditions.

The performance of the Group would continue to be driven by the FFB production and global world edible oil price movement. Overall production of FFB and CPO are expected to increase in the 2H2023 due to peak season.

Nevertheless, the Group is cautiously optimistic on the financial performance mainly due to its well-established strategies to address the issues, and ongoing efforts to mitigate such challenges. The Group has also ramped up operational improvement initiatives to plug any leakages and reduce wastage.

Barring any unforeseen circumstances, the Group expects to perform satisfactorily in FY2023.

23. Profit forecast or profit guarantee

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

24. Tax expense

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM000	RM000	RM000	RM000
Current tax expense	(4,482)	(13,242)	(10,403)	(23,834)
Deferred tax expense	(3,446)	5,141	(3,230)	2,861
	(7,928)	(8,101)	(13,633)	(20,973)

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

The Group's effective tax rate for the current quarter was higher than the statutory income tax rate mainly due to certain expenses which are not deductible for tax purposes.

25. Unquoted investments and /or properties

There were no purchases or disposals of unquoted investments during the period under review.



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26. Quoted investments

There were no purchases of quoted investments during the period under review.

27. Status of corporate proposals

There are no other corporate proposals announced but not completed as at end of period review.

28. Group borrowings

As at 30 June 2023, total borrowings are as follows:

	As at 30.06.2023	As at 31.12.2022
	RM'000	RM'000
Non-current		
Secured		
Commodity Murahabah Term Financing-i	108,052	127,471
SUKUK Wakalah Medium Term Notes	650,000	650,000
Unsecured		
Term Financing	48,038	46,887
	806,090	824,358
Current		
Secured		
Commodity Murahabah Term Financing-i	36,000	32,000
	36,000	32,000
	842,090	856,358



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28. Group borrowings (continued) Maturity analysis

Tenure	SUKUK Murabahah Medium Term Notes	Other Financial Instruments	TOTAL
	RM'000	RM'000	RM'000
Under 1 year	-	24,500	24,500
1-2 years	-	75,000	75,000
3-5 years	160,000	44,552	204,552
More than 5 years	490,000	48,038	538,038
	650,000	192,090	842,090

29. 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.

30. Changes in material litigation

As at to date, the Group and Company are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant and the Directors of the Company have no knowledge of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

31. Earnings per share

		3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
Basic/ Diluted earnings per share					
Profit attributable to shareholders	RM'000	5,310	9,763	16,786	31,354
Profit distribution of perpetual sukuk	RM'000	(4,497)	-	(8,945)	-
	RM'000	813	9,763	7,841	31,354
Weighted average number of ordinary shares in issue	000	883,851	883,851	883,851	883,851
Basic/ Diluted earnings per share	sen	0.09	1.10	0.89	3.55



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32. 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 2023.

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

**Kuala Lumpur
29 August 2023**