

Company No: 419232-K

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 31 December 2019 - unaudited

	Note	31 December 2019 RM'000	31 December 2018 RM'000
Assets			
Property, plant and equipment		826,031	1,044,729
Right-of-use assets		209,389	-
Prepaid lease payments		-	3,150
Bearer plants		511,578	509,146
Biological assets		114,582	118,940
Investment in associates		214,283	197,883
Deferred tax assets		37,433	32,162
Goodwill		79,664	79,664
Other intangible assets		21,430	24,417
Total non-current assets		2,014,390	2,010,091
Inventories		217,062	170,913
Right-of-use assets		834	-
Biological assets		63,941	46,571
Trade and other receivables	14	92,555	78,110
Current tax assets		55	514
Cash and cash equivalents	22	110,238	128,429
Total current assets		484,685	424,537
Total assets		2,499,075	2,434,628
Financed by:			
Capital and reserves			
Share capital		444,844	444,844
Treasury shares		(10,417)	(8,450)
Foreign exchange translation reserve		5,504	8,429
Retained earnings		988,275	952,103
Total equity attributable to owners of the Company		1,428,206	1,396,926
Non-controlling interests		99,612	85,951
Total equity		1,527,818	1,482,877
Liabilities			
Deferred tax liabilities		183,149	176,019
Deferred income		29,356	32,277
Borrowings	26	276,704	332,958
Employee benefits		38,595	38,083
Lease liabilities		10,224	-
Total non-current liabilities		538,028	579,337
Trade and other payables		138,778	109,265
Lease liabilities		39	-
Deferred income		2,317	2,362
Borrowings	26	274,472	243,961
Employee benefits		2,279	3,598
Current tax liabilities		15,344	13,228
Total current liabilities		433,229	372,414
Total liabilities		971,257	951,751
Total equity and liabilities		2,499,075	2,434,628
Net assets per share (RM)		3.21	3.14

The unaudited 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.

TA ANN HOLDINGS BERHAD
 (Incorporated in Malaysia)

Condensed consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2019 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 31 December 2019 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2018 RM'000	Current Year Ended 31 December 2019 RM'000	Preceding Year Ended 31 December 2018 RM'000
Revenue	9	281,729	238,886	944,579	967,225
Cost of sales		(234,942)	(183,499)	(739,329)	(747,155)
Gross profit		46,787	55,387	205,250	220,070
Finance income		952	1,622	2,827	5,539
Other operating income		44,267	2,105	50,379	12,307
Unrealised loss in foreign exchange		(1,050)	(5,263)	(423)	(5,242)
Distribution costs		(16,309)	(16,808)	(55,434)	(63,334)
Administrative expenses		(15,915)	(7,138)	(52,411)	(43,812)
Other expenses		(41,712)	(4,730)	(48,287)	(10,638)
Profit from operations		17,020	25,175	101,901	114,890
Finance costs		(5,883)	(6,543)	(22,945)	(25,537)
Share of profit of equity-accounted investee, net of tax		4,054	27,526	7,724	31,040
Profit before tax	9	15,191	46,158	86,680	120,393
Tax expense	21	(4,361)	(7,637)	(28,563)	(24,891)
Profit after tax		10,830	38,521	58,117	95,502
Change in fair value of biological assets		12,001	(10,053)	12,174	(7,275)
Profit after change in fair value of biological assets		22,831	28,468	70,291	88,227
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		4,005	-	4,005	-
Item that is or may be reclassified subsequently to profit or loss					
Foreign exchange translation differences for foreign operations		902	(3,032)	(2,925)	(10,298)
Other comprehensive income for the period / year, net of tax		4,907	(3,032)	1,080	(10,298)
Total comprehensive income for the period / year		27,738	25,436	71,371	77,929
Profit attributable to:					
Owners of the Company		16,196	23,249	54,190	75,773
Non-controlling interests		6,635	5,219	16,101	12,454
Profit after change in fair value of biological assets		22,831	28,468	70,291	88,227
Total comprehensive income attributable to:					
Owners of the Company		21,103	20,217	55,270	65,475
Non-controlling interests		6,635	5,219	16,101	12,454
Total comprehensive income for the period / year		27,738	25,436	71,371	77,929
Earnings per share attributable to owners of the Company :					
Basic/Diluted earnings per ordinary share (sen)	30	3.68	5.23	12.29	17.05

The unaudited condensed consolidated statement of profit or loss and other 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.

Company No: 419232-K

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of changes in equity
For the year ended 31 December 2019- unaudited

	← Attributable to owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign exchange translation reserve RM'000	Distributable Retained earnings RM'000			
At 1 January 2019	444,844	(8,450)	8,429	952,103	1,396,926	85,951	1,482,877
Remeasurement of defined benefit liability	-	-	-	4,005	4,005	-	4,005
Foreign exchange translation differences	-	-	(2,925)	-	(2,925)	-	(2,925)
Total other comprehensive income for the year	-	-	(2,925)	4,005	1,080	-	1,080
Profit after change in fair value of biological assets	-	-	-	54,190	54,190	16,101	70,291
Total comprehensive income for the year	-	-	(2,925)	58,195	55,270	16,101	71,371
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(22,023)	(22,023)	-	(22,023)
- Dividends to non-controlling interests	-	-	-	-	-	(2,440)	(2,440)
Total transactions with owners of the Company	-	-	-	(22,023)	(22,023)	(2,440)	(24,463)
Treasury shares purchased	-	(1,967)	-	-	(1,967)	-	(1,967)
At 31 December 2019	444,844	(10,417)	5,504	988,275	1,428,206	99,612	1,527,818
At 1 January 2018	444,844	(905)	18,727	920,759	1,383,425	77,963	1,461,388
Foreign exchange translation differences	-	-	(10,298)	-	(10,298)	-	(10,298)
Total other comprehensive income for the year	-	-	(10,298)	-	(10,298)	-	(10,298)
Profit after change in fair value of biological assets	-	-	-	75,773	75,773	12,454	88,227
Total comprehensive income for the year	-	-	(10,298)	75,773	65,475	12,454	77,929
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(44,429)	(44,429)	-	(44,429)
- Dividends to non-controlling interests	-	-	-	-	-	(10,066)	(10,066)
Total transactions with owners of the Company	-	-	-	(44,429)	(44,429)	(10,066)	(54,495)
Subscription of shares by non-controlling interests	-	-	-	-	-	5,600	5,600
Treasury shares purchased	-	(7,545)	-	-	(7,545)	-	(7,545)
At 31 December 2018	444,844	(8,450)	8,429	952,103	1,396,926	85,951	1,482,877

The unaudited 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.

Company No: 419232-K

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of cash flows
For the year ended 31 December 2019 - unaudited

	1 January 2019 to 31 December 2019	1 January 2018 to 31 December 2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	86,680	120,393
<i>Adjustments for:</i>		
Amortisation of bearer plants	24,928	24,490
Depletion of biological asset	825	2,557
Amortisation of prepaid lease payments	-	306
Amortisation of other intangible assets	3,114	3,122
Depreciation of property, plant and equipment	64,269	65,111
Depreciation of right-of-use assets	2,102	-
Deferred income recognised as income	(2,317)	(2,370)
Bearer plants written off	-	407
Finance costs	22,945	25,537
Finance income	(2,827)	(5,539)
Gain on disposal of property, plant and equipment	(462)	(2,102)
Property, plant and equipment written off	27,137	883
Property, plant and equipment expensed off	-	108
Unrealised foreign exchange loss	423	5,242
Employee benefits	5,413	5,014
Share of profit of equity-accounted investee, net of tax	(7,724)	(31,040)
Operating profit before changes in working capital	<u>224,506</u>	<u>212,119</u>
Changes in working capital:		
Inventories	(46,965)	(4,294)
Trade and other receivables, prepayments and other assets	(18,022)	(4,205)
Trade and other payables	4,772	(7,611)
Employee benefits	-	164
Cash generated from operations	<u>164,291</u>	<u>196,173</u>
Interest paid	(12,664)	(10,258)
Income tax paid	(24,140)	(32,926)
Employee benefits paid	(1,034)	(1,195)
Net cash from operating activities	<u>126,453</u>	<u>151,794</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(64,389)	(68,061)
Proceeds from disposal of property, plant and equipment	1,287	4,299
Addition to biological assets	(3,376)	(5,251)
Addition to bearer plants	(23,067)	(21,029)
Purchase of treasury shares	(1,967)	(7,545)
Acquisition of new associate	(8,676)	(166,843)
Upliftment of fixed deposits with original maturities exceeding three months	-	14,610
Interest received	2,827	5,539
Proceeds from shares issued to non-controlling interests	-	5,600
Net cash used in investing activities	<u>(97,361)</u>	<u>(238,681)</u>
Cash flows from financing activities		
Dividends paid to owners of the Company	-	(44,429)
Dividends to non-controlling interests	(2,440)	(10,066)
(Repayment of) / Proceeds from borrowings/trade financing	(17,297)	26,721
Repayment of finance lease liabilities	(13,114)	(10,500)
Upliftment/ (Placement) of pledged deposits	932	(12)
Finance lease interest paid	(903)	(1,098)
Term loan interest/profit paid	(13,371)	(16,720)
Net cash used in financing activities	<u>(46,193)</u>	<u>(56,104)</u>
Net decrease in cash and cash equivalents	(17,101)	(142,991)
Effect of exchange rate fluctuations on cash held	(158)	(1,451)
Cash and cash equivalents at 1 January	<u>127,497</u>	<u>271,939</u>
Cash and cash equivalents at 31 December (Note 22)	<u>110,238</u>	<u>127,497</u>

The unaudited condensed statement of cash flows 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.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

1 Basis of Preparation

The interim financial report has been prepared in accordance with MFRS 134: *Interim Financial Reporting* and paragraph 9.22 of Listing Requirements of the Bursa Malaysia Securities Berhad.

The preparation of an interim financial report in conformity with MFRS 134: *Interim Financial Reporting*, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2018. It contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 December 2018. The condensed consolidated interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Malaysian Financial Reporting Standards (MFRS).

The statutory financial statements for the year ended 31 December 2018 are available from the Company's registered office.

2 Significant Accounting Policies

The significant accounting policies adopted in the preparation of this interim financial report are consistent with those in the audited financial statements for the year ended 31 December 2018, except for the adoption of the following standards, amendments and interpretations:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayments Features with Negative Compensation*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employees Benefit - Plan Amendments, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

The adoption of the new and revised MFRSs, IC Interpretations and Amendments has no material impact to the Group's consolidated financial statements of the current quarter or the comparative consolidated financial statements of the prior financial year except as listed below:

(a) MFRS 16, *Leases*

MFRS 16, *Leases* supersedes MFRS 117, *Leases* and its related interpretations. 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. A lessee recognises its lease liability for its lease payments while recognising its lease asset representing the right to use of the underlying asset during the lease term. The Group elected to use the recognition exemptions for short-term leases and the leases of low-value assets. The lessor's accounting remains similar to the current standard which continues to be classified as finance or operating lease.

On the date of initial application, the Group applied the modified retrospective transition approach and did not restate comparative information for the period prior to first adoption.

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Notes to the interim financial report

2 Significant Accounting Policies (cont'd)

(a) MFRS 16, *Leases* (cont'd)

As at 1 January 2019, the Group has derecognised leasehold land from property, plant and equipment and prepaid lease payments by RM198.35 million and RM3.15 million respectively. The Group has recognised right-of-use assets and corresponding lease liabilities of RM212.32 million and RM10.82 million respectively.

(b) Amendments to MFRS 123, *Borrowing Costs*

The amendments to MFRS 123 *Borrowing Costs* clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

3 Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the audited financial statements for the year ended 31 December 2018 in their report dated 1 April 2019.

4 Seasonality or Cyclicity of Operations

The Group's operations were not subject to any seasonal or cyclical changes for the current quarter under review.

5 Unusual Items

There are no unusual items that have any material impact on the interim financial report.

6 Changes in Estimates

There were no changes in estimates that have had a material effect on the current quarter and financial year-to-date results.

7 Debt and Equity Securities, Share Buy-back

There were no issuances or repayment of debt or equity securities during the financial quarter under review.

As at 31 December 2019, the number of ordinary shares repurchased in an earlier period and retained as treasury shares is 4,382,000 shares.

8 Dividend

The Board of Directors has declared an interim single-tier ordinary dividend for the financial year ending 31 December 2019 of 5 sen per ordinary share (corresponding period in Year 2018: nil) to be paid on 13 April 2020 to depositors whose names appear in the Record of Depositors on 16 March 2020.

A depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into Depositor's Securities Account before 4:00 p.m. on 16 March 2020 in respect of transfers; and
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

The total dividend declared to date for the financial year ended 31 December 2019 is 5 sen per ordinary share.

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Notes to the interim financial report

9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	Year ended 31 December			
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Timber products	295,285	384,097	6,290	5,081
Oil palm	649,044	582,469	81,084	115,655
Reforestation	94	462	(566)	(363)
Property development	156	197	(128)	20
	944,579	967,225	86,680	120,393

10 Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment of the Group during the financial quarter under review.

11 Subsequent Events

There were no significant events that have occurred during the interval between the end of the current quarter and the date of this announcement.

12 Changes in Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

13 Contingent Liabilities or Assets

There were no material changes in the contingent liabilities or assets since the last annual reporting date.

14 Trade and Other Receivables

	As At 31 December 2019 RM'000	As At 31 December 2018 RM'000
Current assets		
Trade receivables	51,984	54,619
Interest receivable	48	163
Other receivables	24,592	2,582
Deposits	4,342	10,021
Prepayments		
-Plant and machinery	1,021	771
-Others	10,277	9,561
Other advances	291	393
	92,555	78,110

Notes to the interim financial report

15 Capital Commitments

	As At 31 December 2019 RM'000
Property, plant and equipment	
- Contracted but not provided for	2,531
Lease as a lease	
- Contracted but not commenced	44,600
	<hr/> <hr/> 47,131

16. Review of Performance

(a) For the quarter under review, the Group reported a revenue of RM281.73 million compared to RM238.89 million achieved in the corresponding quarter in 2018. Group's profit before tax and net profit were RM15.19 million and RM22.83 million respectively for the quarter under review compared to RM46.16 million and RM28.47 million of the corresponding quarter in 2018.

The performance was mainly affected by the followings:

- (i) Lower average selling price for export logs and plywood products by 37% and 18% respectively;
- (ii) Drop in sales volume for plywood products and fresh fruit bunches ('FFB') by 26% and 9% respectively;

However these negative effects were set off partially by:

- (iii) Higher sales volume achieved for export logs and crude palm oil ('CPO') by 30% and 34% respectively;
- (iv) Increase in average selling price for FFB and CPO by 29% and 25% respectively.

The Group has recognised AUD14.40 million or equivalent to RM41.46 million of insurance claim from the fire incident which occurred in the beginning of FY'19 classified as other operating income. The fire related costs comprised write off of property, plant and equipment amounted to AUD9.29 million or equivalent to RM26.74 million and other fire related costs of AUD4.13 million or equivalent to RM11.89 million have been classified as other expenses.

The Group has recognised a gain from the changes in the fair value of the biological assets amounting to RM12.00 million during the current quarter under review as compared to a loss of RM10.05 million in the corresponding quarter.

(b) For the year 2019, the Group's revenue and net profit were RM944.58 million and RM70.29 million, compared to RM967.23 million and RM88.23 million respectively in 2018.

These were mainly attributed to the overall weaker average selling price for export logs, plywood products, FFB and CPO by 29%, 4% 9% and 8% respectively despite the higher sales volume achieved for export logs and CPO by 120% and 23% respectively.

The Group has recognised a gain from the changes in the fair value of the biological assets amounting to RM12.17 million in 2019 as compared to a loss of RM7.28 million in 2018.

17 Variation of Results compared to the Preceding Quarter

Group revenue and net profit were RM281.73 million and RM22.83 million respectively in the quarter under review compared to RM267.92 million and RM33.00 million respectively of the preceding quarter.

The drop in the export logs, FFB and CPO sales volume by 39%, 28% and 8% respectively coupled with the lower average selling prices for the export logs and plywood products by 17% and 9% respectively accounted mainly for the decrease in the Group profit.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

18 Current Year Prospects

Despite a competitive plywood market in Japan, we remain in a strong market position with our continuous efforts into product, market research and developments in meeting the Japanese stringent requirements in a sustainable manner. This is evident from our plywood products manufactured using only the logs sourced from the Group's certified FMU and verified legal compliance forests. The Group is expecting to achieve certification for additional 130,000 hectares of forest at the end of 1Q'20 which will further strengthen our market position.

Furthermore, the Group has gained its competitive advantages over its competitors from the recent introduction made by the Japanese local governments and its authorities on the timber procurement policy and directives to promote and enforce the usage of certified timber products in its building and construction industry.

It is an added advantage that our Sarawak government has set in place policies on forest certification requirement on the operators. This shall lower timber supply resulting in the supply and demand equilibrium to be readjusted at higher pricing for wood based products. Therefore, for 2020, the Group's outlook on the performance of its timber division is promising.

As for the Oil Palm division, the Group has positive performance outlook despite temporary market disruption caused by the Coronavirus outbreak. For 2020, the Group is expecting stronger CPO pricing compared to 2019, supported by the lower inventory stockpile amidst a tighter production in both Malaysia and Indonesia due to dry weather and lower fertilizer usage in 2019. This is further reinforced by the expected increase in regional consumption, especially in Indonesia for its recent enforcement of the biodiesel B30 compliance.

Barring unforeseen circumstances, the Board of Directors expect the Group to achieve an improved performance for the year 2020.

19 Profit Forecast

Not applicable as the Group did not publish any profit forecast.

20 Profit after change in fair value of biological assets

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit after change in fair value of biological assets is arrived at after crediting/(charging):				
Finance income	952	1,622	2,827	5,539
Finance costs	(5,883)	(6,543)	(22,945)	(25,537)
Depreciation and amortisation	(24,486)	(24,286)	(95,238)	(95,586)
(Loss) / gain on disposal of property, plant and equipment	(52)	810	462	2,102
Property, plant and equipment written off	(26,871)	(194)	(27,137)	(883)
Foreign exchange gain / (loss)				
- realised	832	416	3,742	4,894
- unrealised	(1,050)	(5,263)	(423)	(5,242)

Save as disclosed above, the other items required to be disclosed under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

TA ANN HOLDINGS BERHAD

Notes to the interim financial report

21 Tax Expense

The taxation charges of the Group for the period / year under review are as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		Year ended 31 December	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense/ (income)				
- Current year	6,321	5,831	27,951	28,304
- Prior year	(746)	1,351	(1,236)	518
	5,575	7,182	26,715	28,822
Deferred tax expense/ (income)				
- Current year	(1,214)	7,568	1,848	3,182
- Prior year	-	(7,113)	-	(7,113)
	(1,214)	455	1,848	(3,931)
Total tax expense	4,361	7,637	28,563	24,891

Reconciliation of tax expense

	RM'000	RM'000	RM'000	RM'000
Profit after change in fair value of biological assets	22,831	28,468	70,291	88,227
Change in fair value of biological assets	(12,001)	10,053	(12,174)	7,275
Total tax expense	4,361	7,637	28,563	24,891
Profit excluding tax	15,191	46,158	86,680	120,393

Tax calculated using Malaysian tax rate of 24% (2018: 24%)

- Prima facie income tax expense	3,646	11,078	20,803	28,894
- Non-deductible expenses	(2,100)	(2,247)	3,803	3,191
- Double deduction for certain expenses	-	(2)	-	(2)
- Movements in unrecognised deferred tax assets	4,051	5,464	5,193	5,464
- Recognition of previously unrecognised deferred tax assets	-	6,000	-	-
- Others	-	(6,061)	-	(6,061)
- (Over)/ under provision in prior years	(1,236)	(6,595)	(1,236)	(6,595)
Tax expense for the period / year	4,361	7,637	28,563	24,891

Company No : 419232-K

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Notes to the interim financial report

22 Cash and Cash Equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	As at 31 December 2019 RM'000	As at 31 December 2018 RM'000
Cash in hand	58	66
Cash at banks	109,090	127,195
Fixed deposits with original maturities not exceeding three months	1,090	236
	<hr/> 110,238	<hr/> 127,497
Fixed deposits pledged to banks	-	932
	<hr/> 110,238	<hr/> 128,429

23 Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties during the financial quarter under review.

24 Quoted Investments

There was no purchase or disposal of quoted securities during the financial quarter under review.

25 Status of Corporate Proposal

There were no corporate proposals announced or pending completion as at the date of this announcement.

Company No : 419232-K

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Notes to the interim financial report

26 Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2019 were as follows: -

		As at 31 December 2019
		RM'000
<u>Current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Bankers' acceptances/ Export Credit	32,125
	Refinancing	
	Revolving Credits	150,000
	Term loans	
	- Conventional	15,628
	- Islamic	21,020
Secured -	Finance lease liabilities	7,830
	Revolving Credits	26,000
	Term loans	21,869
		<hr/>
		274,472
<u>Non-current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Term loans	
	- Conventional	32,184
	- Islamic	76,130
Secured -	Finance lease liabilities	5,637
	Revolving credit	78,000
	Term loans	84,753
		<hr/>
		276,704
		<hr/>
Total		551,176

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Notes to the interim financial report

27 Material Litigation

There are no pending material litigations as at the date of this announcement other than the followings:

On 26 August 2014, Sumen Bin Gasan and 6 others claiming to be inhabitants of Melanau and Iban communities and villages situated at Kampung Kebuaw Lama, Kampung Baru Sungai Sah, Kebuaw and Sungai Ilas Batang Igan within the provisional lease of the state land known as Lot 2 Block 3 Lassa Land District held by TAPIPSB and four other external defendants not within the Ta Ann Group filed a claim with the Sibiu High Court for various orders, relief and damages including a declaration that the issuance of the said provisional lease covering the plaintiffs' claimed areas of approximately 719 hectares was unlawful, unconstitutional, null and void. The maximum exposure to liabilities will be confined to the approximately 719 hectares claimed by the plaintiffs and Ta Ann is unable to determine the monetary liability impact pending the outcome of the trial.

At the pre-trial case management hearing for this suit in March 2015, the plaintiffs' claim was struck out by the Court with liberty to file afresh due to non-compliance with pre-trial directions.

On 13 October 2015, the plaintiff refiled the Writ and Statement of Claim. The trial of the case has ended on 4 November 2016. The High Court has given directions to prepare written submissions and bundles of authorities.

During the clarification hearing on 3 February 2017, the Plaintiffs' counsel had informed the Court in light of the decision of the Federal Court case of TR Sandah (which clearly recognise the temudak and cultivated lands although rejecting the claims on pulau galau and pemakai menoa as having no force of law) that he was considering whether to proceed with the case or to concede with survey of the cleared area based on the aerial photograph of the area in question. His clients brought this matter back to their village for discussion but they have not come to a decision yet.

The Honourable Judge asked if the parties could come to an agreement or settlement perhaps to allow the Plaintiffs' claim for the temudak (cleared or cultivated lands), and agree for a survey to be done for the temudak and cleared or cultivated lands guided by the aerial photograph interpretation. This would mean that the Plaintiff will concede their claim for the pemakai menoa and pulau galau. All these will be done on without admission of liability basis.

Sibu High Court dismissed the claim on 13 February 2018.

The plaintiffs had on 9 March 2018 filed a notice of appeal against the Sibiu High Court's decision. On 30 May 2018, the plaintiffs had served a record of appeal to the Court of Appeal. The Court of Appeal has fixed the case for the hearing on 16 July 2020.

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Notes to the interim financial report

28 Significant Related Party Transactions

The Group entered into the following transactions with related parties, other than compensations to Directors and other key management personnel (see Note 29), during the current financial year:

	Year ended 31 December	
	2019 RM'000	2018 RM'000
Transactions with associates		
Purchase of fresh fruit bunches	11,341	6,092
Transportation charges	3	-
Sales of fresh fruit bunches	(1,919)	(4,378)
Sales of logs and timber products	(460)	(1,033)
Sales of property, plant and equipment	(196)	(200)
Sales of seedling	(272)	-
Sales of consumables	(10)	-
Contract income	(854)	(1,428)
Hiring income	(206)	-
Rental of premises	(13)	(57)
Visiting fee	(3)	-
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	22,727	21,299
Food ration expenses	196	212
Handling fees, transportation & freight charges	15,853	13,294
Repair and maintenance	462	364
Insurance premium	3,632	4,167
Hiring of equipment	-	11
Purchase of fresh fruit bunches	137,858	85,547
Purchase of property, plant and equipment	193	212
Rental of premises paid	77	56
Purchase of spare parts, fertiliser & consumables	9,558	14,236
Purchase of logs and timber products	4,038	2,951
Security charges	84	84
Computer hardware & software development fees	1,103	970
Purchase of diesel and lubricants	22,009	24,334
Compensation paid	-	19
Sales of logs and timber products	(5,114)	(7,895)
Sales of fresh fruit bunches	(46,193)	(52,621)
Sales of palm kernel shell	-	(1,235)
Sales of spare parts, fertiliser & consumables	(208)	(16)
Sales of seeds & seedlings	(17)	(3)
Empty bunch subsidised	(3)	(1)
Hiring income	(227)	(192)
Income from rental of premises	(105)	(153)
Handling fee received	(3,038)	(3,470)
Transport subsidised	(1,663)	(1,724)
	=====	=====

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Notes to the interim financial report

29 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	Year ended 31 December	
	2019	2018
	RM'000	RM'000
Directors		
- Fees	1,492	1,563
- Remunerations	11,608	10,444
	<u>13,100</u>	<u>12,007</u>
Other key management personnel		
- Fees	292	322
- Remunerations	4,892	5,604
	<u>5,184</u>	<u>5,926</u>
Total	<u>18,284</u>	<u>17,933</u>

30 Earnings Per Share

	3 months ended	Year ended
	31 December 2019	31 December 2019
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM16,196</u>	<u>RM54,190</u>
Weighted average number of ordinary shares in issue ('000)	<u>440,462</u>	<u>440,894</u>
Basic earnings per ordinary share (sen)	<u>3.68</u>	<u>12.29</u>
(b) Diluted	<u>3.68</u>	<u>12.29</u>

31 Gain/Losses arising from Fair Value Changes of Financial Liabilities

There were no gains or losses arising from fair value changes of financial liabilities for the current quarter ended 31 December 2019.

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 on 28 February 2020.