

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 31 March 2023 - unaudited

	Note	31 March 2023 RM'000	31 December 2022 RM'000
Assets			
Property, plant and equipment		699,609	707,833
Right-of-use assets		193,935	195,220
Bearer plants		530,948	529,759
Biological assets		119,398	118,764
Investment in associates		288,909	283,896
Deferred tax assets		8,938	8,860
Goodwill		79,665	79,665
Other intangible assets		6,177	6,380
Total non-current assets		1,927,579	1,930,377
Inventories		162,317	146,780
Biological assets		128,001	127,019
Trade and other receivables	14	42,907	61,039
Current tax assets		104	99
Cash and cash equivalents		467,244	524,706
Total current assets		800,573	859,643
Total assets		2,728,152	2,790,020
Financed by:			
Capital and reserves			
Share capital		444,844	444,844
Treasury shares		(10,417)	(10,417)
Foreign exchange translation reserve		11,905	12,178
Retained earnings		1,350,455	1,311,185
Total equity attributable to owners of the Company		1,796,787	1,757,790
Non-controlling interests		195,308	191,049
Total equity		1,992,095	1,948,839
Liabilities			
Deferred tax liabilities		232,892	231,870
Deferred income		22,347	23,179
Borrowings	25	54,147	66,477
Employee benefits		42,720	41,804
Lease liabilities		4,570	4,570
Total non-current liabilities		356,676	367,900
Trade and other payables		129,606	206,301
Lease liabilities		5,990	6,111
Deferred income		2,387	2,412
Borrowings	25	211,233	216,057
Employee benefits		3,120	3,331
Current tax liabilities		27,045	39,069
Total current liabilities		379,381	473,281
Total liabilities		736,057	841,181
Total equity and liabilities		2,728,152	2,790,020
Net assets per share (RM)		4.04	3.95

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 period ended 31 March 2023 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 31 March 2023 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2022 RM'000	Current Year to date 31 March 2023 RM'000	Preceding Year Corresponding Period Ended 31 March 2022 RM'000
Revenue	9	350,653	487,754	350,653	487,754
Cost of sales		(273,925)	(347,915)	(273,925)	(347,915)
Gross profit		76,728	139,839	76,728	139,839
Finance income		2,123	1,235	2,123	1,235
Other operating income		3,388	5,074	3,388	5,074
Unrealised loss in foreign exchange		-	-	-	-
Distribution costs		(19,329)	(35,122)	(19,329)	(35,122)
Administrative expenses		(5,613)	(7,400)	(5,613)	(7,400)
Other expenses		(3,684)	(3,205)	(3,684)	(3,205)
Profit from operations		53,613	100,421	53,613	100,421
Finance costs		(2,825)	(2,918)	(2,825)	(2,918)
Share of profit of equity-accounted investee, net of tax		5,012	17,316	5,012	17,316
Profit before tax	9	55,800	114,819	55,800	114,819
Tax expense	21	(12,971)	(22,218)	(12,971)	(22,218)
Profit after tax		42,829	92,601	42,829	92,601
Change in fair value of biological assets		700	28,533	700	28,533
Profit after change in fair value of biological assets		43,529	121,134	43,529	121,134
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign exchange translation differences for foreign operations		(273)	2,603	(273)	2,603
Other comprehensive income for the period, net of tax		(273)	2,603	(273)	2,603
Total comprehensive income for the period		43,256	123,737	43,256	123,737
Profit attributable to:					
Owners of the Company		39,270	104,620	39,270	104,620
Non-controlling interests		4,259	16,514	4,259	16,514
Profit after change in fair value of biological assets		43,529	121,134	43,529	121,134
Total comprehensive income attributable to:					
Owners of the Company		38,997	107,223	38,997	107,223
Non-controlling interests		4,259	16,514	4,259	16,514
Total comprehensive income for the period		43,256	123,737	43,256	123,737
Earnings per share attributable to owners of the Company :					
Basic/Diluted earnings per ordinary share (sen)	29	8.92	23.75	8.92	23.75

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 2022 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 period ended 31 March 2023 - unaudited

	← Attributable to owners of the Company →						Total equity RM'000
	← Non-distributable →		Foreign exchange translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
	Share capital RM'000	Treasury shares RM'000					
At 1 January 2023	444,844	(10,417)	12,178	1,311,185	1,757,790	191,049	1,948,839
Foreign exchange translation differences	-	-	(273)	-	(273)	-	(273)
Total other comprehensive income for the period	-	-	(273)	-	(273)	-	(273)
Profit after change in fair value of biological assets	-	-	-	39,270	39,270	4,259	43,529
Total comprehensive income for the period	-	-	(273)	39,270	38,997	4,259	43,256
At 31 March 2023	444,844	(10,417)	11,905	1,350,455	1,796,787	195,308	1,992,095
At 1 January 2022	444,844	(10,417)	12,399	1,166,894	1,613,720	162,750	1,776,470
Foreign exchange translation differences	-	-	2,603	-	2,603	-	2,603
Total other comprehensive income for the period	-	-	2,603	-	2,603	-	2,603
Profit after change in fair value of biological assets	-	-	-	104,620	104,620	16,514	121,134
Total comprehensive income for the period	-	-	2,603	104,620	107,223	16,514	123,737
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(22,023)	(22,023)	-	(22,023)
Total transactions with owners of the Company	-	-	-	(22,023)	(22,023)	-	(22,023)
At 31 March 2022	444,844	(10,417)	15,002	1,249,491	1,698,920	179,264	1,878,184

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 2022 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 period ended 31 March 2023 - unaudited

	1 January 2023 to 31 March 2023 RM'000	1 January 2022 to 31 March 2022 RM'000
Cash flows from operating activities		
Profit before tax	55,800	114,819
<i>Adjustments for:</i>		
Amortisation of bearer plants	7,384	6,464
Depletion of biological assets	369	786
Amortisation of other intangible assets	199	866
Depreciation of property, plant and equipment	12,337	13,220
Depreciation of right-of-use assets	1,158	828
Deferred income recognised as income	(607)	(614)
Finance costs	2,825	2,918
Finance income	(2,123)	(1,235)
Gain on disposal of property, plant and equipment	(62)	(34)
Gain on disposal of quoted investments	-	(1,103)
Property, plant and equipment written off	16	48
Employee benefits	1,148	1,255
Share of profit of equity-accounted investee, net of tax	(5,012)	(17,316)
Operating profit before changes in working capital	<u>73,432</u>	<u>120,902</u>
Changes in working capital:		
Inventories	(15,713)	(9,117)
Trade and other receivables, prepayments and other assets	10,794	(16,376)
Trade and other payables	<u>(29,280)</u>	<u>7,327</u>
Cash generated from operations	39,233	102,736
Interest paid	(1,655)	(1,634)
Income tax paid	(24,098)	(24,020)
Employee benefits paid	<u>(142)</u>	<u>(83)</u>
Net cash from operating activities	<u>13,338</u>	<u>76,999</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,034)	(11,740)
Proceeds from disposal of property, plant and equipment	86	105
Proceeds from disposal of quoted investments	-	7,004
Addition to biological assets	(1,681)	(943)
Addition to bearer plants	(7,207)	(7,504)
Dividend received from associate	8,205	12,682
Interest received	<u>2,123</u>	<u>1,235</u>
Net cash (used in) / generated from investing activities	<u>(3,508)</u>	<u>839</u>
Cash flows from financing activities		
Dividends to owners of the Company	(44,046)	(88,092)
Dividends to non-controlling interests	(4,500)	-
Repayment of borrowings/trade financing	(17,537)	(11,343)
Hire purchase financing interest paid	(128)	(114)
Term loan interest/profit paid	<u>(1,041)</u>	<u>(1,266)</u>
Net cash used in financing activities	<u>(67,252)</u>	<u>(100,815)</u>
Net decrease in cash and cash equivalents	(57,422)	(22,977)
Effect of exchange rate fluctuations on cash held	(40)	181
Cash and cash equivalents at 1 January	<u>524,706</u>	<u>455,995</u>
Cash and cash equivalents at 31 March (Note 22)	<u>467,244</u>	<u>433,199</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

Company No : 419232-K

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 2022. 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 2022. 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 2022 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 2022, except for the adoption of the following accounting standards, amendments and interpretations:

- 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 accounting standards, amendments and interpretations 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.

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 2022 in their report dated 05 April 2023.

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.

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Notes to 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 March 2023, the number of ordinary shares repurchased in an earlier period and retained as treasury shares is 4,382,000 shares.

8 Dividend

A fourth interim single-tier ordinary dividend of 10 sen per ordinary share for the financial year ended 31 December 2022 amounting to RM44,046,190 was declared on 29 November 2022 and paid on 20 January 2023 to depositors registered in the Record of Depositors at the close of business on 3 January 2023.

The Board of Directors has declared first interim single-tier ordinary dividend for the financial year ending 31 December 2023 of 10 sen per ordinary share (corresponding period in Year 2022: 10 sen) to be paid on 7 July 2023 to depositors whose names appear in the Record of Depositors on 12 June 2023.

A depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into Depositor's Securities Account before 4:00 p.m. on 12 June 2023 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.

9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	Period ended 31 March			
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Timber products	66,504	98,109	16,887	22,429
Oil palm	283,562	389,479	38,605	92,397
Others	587	166	308	(7)
	350,653	487,754	55,800	114,819

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.

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Notes to the interim financial report

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 March 2023 RM'000	As At 31 December 2022 RM'000
Current assets		
Trade receivables	28,110	33,633
Other receivables	1,231	10,995
Deposits	2,682	3,686
Prepayments		
-Plant and machinery	1,856	2,332
-Others	9,028	10,393
	<u>42,907</u>	<u>61,039</u>

15 Capital Commitments

	As At 31 March 2023 RM'000
Property, plant and equipment	
- Contracted but not provided for	<u>6,160</u>

16 Review of Performance

For the quarter under review, the Group reported a revenue of RM350.65 million as compared to RM487.75 million recorded in the corresponding quarter in 2022. The Group's profit before tax stood at RM55.80 million for the quarter under review as compared to RM114.82 million of the corresponding quarter in 2022.

The main contributing factors to the variation of performance were the weaker crude palm oil ("CPO") and fresh fruit bunches ("FFB") average selling prices by 33% and 41% respectively which had resulted in a lower revenue and profit.

The Group had recognised a gain of RM0.70 million from the changes in the fair value of the biological assets during the current quarter under review as compared to a gain of RM28.53 million in the preceding corresponding quarter.

17 Variation of Results compared to the Preceding Quarter

The Group recorded a revenue and profit before tax of RM350.65 million and RM55.80 million respectively in the quarter under review as compared to RM450.65 million and RM100.09 million respectively in the preceding quarter.

The performance was mainly attributed to the lower sales volume for CPO, FFB and plywood product by 29%, 35% and 15% respectively.

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Notes to the interim financial report

18 Current Year Prospects

Given the reduced supply base coupled with the stringent environmental control over logs harvesting against a post-Covid economy recovery in the region, it is anticipated that the demand for both tropical logs and plywood to be greater than the market supply, hence the timber price trend to remain stable.

The Group's emphasis on sustainable resource management, the Group has achieved an important milestone with the award of the long term FMU license valid from 2023 to 2053 covering a total areas of 346,021 hectares granted by the State Authority recently.

For the palm oil division, the Group expects CPO price to remain firm over a longer term. Meanwhile, the Group also stands to benefit from the current lower fertiliser prices as the manuring activities are ramping up.

With the Group's continuous improvement mindset, operational efficiency and productivity remain our utmost priority.

Barring from any unforeseen circumstances, the Board of Directors anticipates a satisfactory financial performance for the financial year 2023.

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		Period ended	
	31 March		31 March	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit after change in fair value of biological assets is arrived at after crediting/(charging):				
Finance income	2,123	1,235	2,123	1,235
Finance costs	(2,825)	(2,918)	(2,825)	(2,918)
Depreciation and amortisation	(21,447)	(22,164)	(21,447)	(22,164)
Gain on disposal of quoted investments	-	1,103	-	1,103
Gain on disposal of property, plant and equipment	62	34	62	34
Property, plant and equipment written off	(16)	(48)	(16)	(48)
Foreign exchange gain				
- realised	2,434	1,689	2,434	1,689

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.

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Notes to the interim financial report

21 Tax Expense

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

	Individual Quarter 3 months ended 31 March		Cumulative Quarter Period ended 31 March	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense				
continuing operations	12,971	22,218	12,971	22,218
Share of tax of equity-accounted associates	1,583	5,468	1,583	5,468
Total taxation	14,554	27,686	14,554	27,686
Current tax expense				
- Current year	12,069	19,168	12,069	19,168
Deferred tax expense				
- Current year	902	3,050	902	3,050
Share of tax of equity-accounted associates	1,583	5,468	1,583	5,468
Total tax expense	14,554	27,686	14,554	27,686
Reconciliation of tax expense				
Profit after change in fair value of biological assets	43,529	121,134	43,529	121,134
Change in fair value of biological assets	(700)	(28,533)	(700)	(28,533)
Total tax expense	14,554	27,686	14,554	27,686
Profit excluding tax	57,383	120,287	57,383	120,287
Tax calculated using Malaysian tax rate of 24% (2022: 24%)				
- Prima facie income tax expense	13,772	28,869	13,772	28,869
- Non-deductible expenses	1,024	1,372	1,024	1,372
- Tax exempt income	(242)	(455)	(242)	(455)
- Movements in unrecognized deferred tax assets	-	(2,100)	-	(2,100)
Tax expense for the period	14,554	27,686	14,554	27,686

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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 March 2023 RM'000	As at 31 March 2022 RM'000
Cash in hand	134	132
Cash at banks	371,559	406,375
Fixed deposits	95,551	26,692
	<u>467,244</u>	<u>433,199</u>

23 Unquoted Investment and Properties

There were no sale of unquoted investments and properties during the financial quarter under review.

24 Status of Corporate Proposal

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

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TA ANN HOLDINGS BERHAD

Notes to the interim financial report

25 Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2023 were as follows: -

		As at 31 March 2023
		RM'000
<u>Current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Bankers' acceptances/ Export credit refinancing/Invoice financing	10,304
	Revolving credits	105,000
	Term loans	
	- Islamic	24,220
Secured -	Hire purchase financing	5,824
	Revolving credits	36,000
	Term loans	29,885
		<hr/>
		211,233
<u>Non-current</u>		
<i>Denominated in Ringgit Malaysia</i>		
Unsecured -	Term loans	
	- Islamic	11,400
Secured -	Hire purchase financing	5,026
	Term loans	37,721
		<hr/>
		54,147
		<hr/>
Total		265,380

26 Material Litigation

There were no material litigations as at the date of this announcement.

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TA ANN HOLDINGS BERHAD

Notes to the interim financial report

27 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 28), during the current financial period:

	Period ended 31 March	
	2023	2022
	RM'000	RM'000
Transactions with associates		
Purchase of fresh fruit bunches	7,199	11,900
Purchase of palm kernel shell	1,380	61
Sales of fresh fruit bunches	-	(975)
Sales of logs and timber products	(11)	(12)
Contract income	(479)	(135)
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	3,747	4,750
Handling fees, transportation & freight charges	4,751	4,549
Insurance premium	759	813
Purchase of fresh fruit bunches	51,617	69,435
Rental of premises paid	2	2
Purchase of spare parts, fertiliser & consumables	2,881	2,950
Purchase of logs and timber products	-	904
Security charges	21	73
Computer hardware & software development fees	943	1,313
Purchase of diesel and lubricants	8,498	7,902
Purchase of palm kernel shell	1,392	579
Hire of property, plant and equipment	18	12
Sales of logs and timber products	(2,182)	(1,094)
Sales of fresh fruit bunches	(14,092)	(25,640)
Income from rental of premises	(23)	(20)
Handling fee received	(584)	(621)
Transport subsidised	(262)	(268)
	=====	=====

28 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	Period ended 31 March	
	2023	2022
	RM'000	RM'000
Directors		
- Fees	267	267
- Remunerations	1,003	977
	<u>1,270</u>	<u>1,244</u>
Other key management personnel		
- Fees	27	27
- Remunerations	613	629
	<u>640</u>	<u>656</u>
Total	<u>1,910</u>	<u>1,900</u>

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Notes to the interim financial report

29 Earnings Per Share

	3 months ended 31 March 2023	Period ended 31 March 2023
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM 39,270</u>	<u>RM 39,270</u>
Weighted average number of ordinary shares in issue ('000)	<u>440,462</u>	<u>440,462</u>
Basic earnings per ordinary share (sen)	<u>8.92</u>	<u>8.92</u>
(b) Diluted	<u>8.92</u>	<u>8.92</u>

30 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 March 2023.

31 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 24 May 2023.