

TA ANN HOLDINGS BERHAD
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 30 June 2023 - unaudited

	Note	30 June 2023 RM'000	31 December 2022 RM'000
Assets			
Property, plant and equipment		693,733	707,833
Right-of-use assets		193,156	195,220
Bearer plants		533,882	529,759
Biological assets		119,879	118,764
Investment in associates		293,308	283,896
Deferred tax assets		9,034	8,860
Goodwill		79,665	79,665
Other intangible assets		5,976	6,380
Total non-current assets		1,928,633	1,930,377
Inventories		160,647	146,780
Biological assets		141,724	127,019
Trade and other receivables	14	58,471	61,039
Current tax assets		99	99
Cash and cash equivalents		466,974	524,706
Total current assets		827,915	859,643
Total assets		2,756,548	2,790,020
Financed by:			
Capital and reserves			
Share capital		444,844	444,844
Treasury shares		(10,417)	(10,417)
Foreign exchange translation reserve		13,102	12,178
Retained earnings		1,349,384	1,311,185
Total equity attributable to owners of the Company		1,796,913	1,757,790
Non-controlling interests		186,521	191,049
Total equity		1,983,434	1,948,839
Liabilities			
Deferred tax liabilities		238,973	231,870
Deferred income		22,722	23,179
Borrowings	25	42,317	66,477
Employee benefits		43,642	41,804
Lease liabilities		4,635	4,570
Total non-current liabilities		352,289	367,900
Trade and other payables		144,720	162,255
Dividend payable		44,046	44,046
Lease liabilities		6,129	6,111
Deferred income		2,495	2,412
Borrowings	25	190,605	216,057
Employee benefits		3,040	3,331
Current tax liabilities		29,790	39,069
Total current liabilities		420,825	473,281
Total liabilities		773,114	841,181
Total equity and liabilities		2,756,548	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 30 June 2023 - unaudited

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter Ended 30 June 2023 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2022 RM'000	Current Year to date 30 June 2023 RM'000	Preceding Year Corresponding Period Ended 30 June 2022 RM'000
Revenue	9	385,171	654,153	735,824	1,141,907
Cost of sales		(296,424)	(424,935)	(570,349)	(772,850)
Gross profit		88,747	229,218	165,475	369,057
Finance income		2,725	1,602	4,848	2,837
Other operating income		3,582	4,202	6,970	9,276
Distribution costs		(19,995)	(48,869)	(39,324)	(83,991)
Administrative expenses		(14,095)	(14,131)	(19,708)	(21,531)
Other expenses		(3,542)	(3,660)	(7,226)	(6,865)
Profit from operations		57,422	168,362	111,035	268,783
Finance costs		(2,644)	(2,872)	(5,469)	(5,790)
Share of profit of equity-accounted investee, net of tax		4,400	9,966	9,412	27,282
Profit before tax	9	59,178	175,456	114,978	290,275
Tax expense	21	(16,041)	(41,065)	(29,012)	(63,283)
Profit after tax		43,137	134,391	85,966	226,992
Change in fair value of biological assets		10,700	(20,300)	11,400	8,233
Profit after change in fair value of biological assets		53,837	114,091	97,366	235,225
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		1,197	(2,342)	924	261
Other comprehensive income for the period, net of tax		1,197	(2,342)	924	261
Total comprehensive income for the period		55,034	111,749	98,290	235,486
Profit attributable to:					
Owners of the Company		42,975	92,019	82,245	196,639
Non-controlling interests		10,862	22,072	15,121	38,586
Profit after change in fair value of biological assets		53,837	114,091	97,366	235,225
Total comprehensive income attributable to:					
Owners of the Company		44,172	89,677	83,169	196,900
Non-controlling interests		10,862	22,072	15,121	38,586
Total comprehensive income for the period		55,034	111,749	98,290	235,486
Earnings per share attributable to owners of the Company :					
Basic/Diluted earnings per ordinary share (sen)	29	9.76	20.89	18.67	44.64

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 30 June 2023 - 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 2023	444,844	(10,417)	12,178	1,311,185	1,757,790	191,049	1,948,839
Foreign exchange translation differences	-	-	924	-	924	-	924
Total other comprehensive income for the period	-	-	924	-	924	-	924
Profit after change in fair value of biological assets	-	-	-	82,245	82,245	15,121	97,366
Total comprehensive income for the period	-	-	924	82,245	83,169	15,121	98,290
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(44,046)	(44,046)	-	(44,046)
- Dividends to non-controlling interests	-	-	-	-	-	(19,649)	(19,649)
Total transactions with owners of the Company	-	-	-	(44,046)	(44,046)	(19,649)	(63,695)
At 30 June 2023	444,844	(10,417)	13,102	1,349,384	1,796,913	186,521	1,983,434
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	-	-	261	-	261	-	261
Total other comprehensive income for the period	-	-	261	-	261	-	261
Profit after change in fair value of biological assets	-	-	-	196,639	196,639	38,586	235,225
Total comprehensive income for the period	-	-	261	196,639	196,900	38,586	235,486
<i>Contributions by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(66,069)	(66,069)	-	(66,069)
- Dividends to non-controlling interests	-	-	-	-	-	(15,176)	(15,176)
Total transactions with owners of the Company	-	-	-	(66,069)	(66,069)	(15,176)	(81,245)
At 30 June 2022	444,844	(10,417)	12,660	1,297,464	1,744,551	186,160	1,930,711

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 30 June 2023 - unaudited

	1 January 2023 to 30 June 2023 RM'000	1 January 2022 to 30 June 2022 RM'000
Cash flows from operating activities		
Profit before tax	114,978	290,275
<i>Adjustments for:</i>		
Amortisation of bearer plants	14,339	13,316
Depletion of biological assets	1,030	1,612
Amortisation of other intangible assets	397	1,732
Depreciation of property, plant and equipment	25,619	24,614
Depreciation of right-of-use assets	2,064	1,953
Deferred income recognised as income	(1,218)	(1,243)
Finance costs	5,469	5,790
Finance income	(4,848)	(2,837)
Gain on disposal of property, plant and equipment	(160)	(34)
Gain on disposal of quoted investments	-	(1,250)
Property, plant and equipment written off	40	227
Employee benefits	1,846	2,131
Share of profit of equity-accounted investee, net of tax	(9,412)	(27,282)
Operating profit before changes in working capital	<u>150,144</u>	<u>309,004</u>
Changes in working capital:		
Inventories	(13,278)	(5,413)
Trade and other receivables, prepayments and other assets	(5,569)	(25,842)
Trade and other payables	<u>(13,949)</u>	<u>20,324</u>
Cash generated from operations	117,348	298,073
Interest paid	(3,185)	(3,270)
Income tax paid	(34,616)	(32,350)
Employee benefits paid	<u>(211)</u>	<u>(419)</u>
Net cash from operating activities	<u>79,336</u>	<u>262,034</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(9,893)	(16,427)
Proceeds from disposal of property, plant and equipment	160	50
Proceeds from disposal of quoted investments	-	9,129
Addition to biological assets	(3,598)	(2,253)
Addition to bearer plants	(15,762)	(20,378)
Dividend received from associate	8,205	16,780
Interest received	4,848	2,838
Net cash used in investing activities	<u>(16,040)</u>	<u>(10,261)</u>
Cash flows from financing activities		
Dividends to owners of the Company	(44,046)	(154,162)
Dividends to non-controlling interests	(24,150)	(15,176)
Repayment of borrowings/trade financing	(50,680)	(36,911)
Hire purchase financing interest paid	(254)	(235)
Term loan interest/profit paid	<u>(2,031)</u>	<u>(2,351)</u>
Net cash used in financing activities	<u>(121,161)</u>	<u>(208,835)</u>
Net (decrease) / increase in cash and cash equivalents	(57,865)	42,938
Effect of exchange rate fluctuations on cash held	133	78
Cash and cash equivalents at 1 January	<u>524,706</u>	<u>455,995</u>
Cash and cash equivalents at 30 June (Note 22)	<u>466,974</u>	<u>499,011</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 and International Tax Reform – Pillar Two Model Rules*

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

8 Dividend

A first interim single-tier ordinary dividend of 10 sen per ordinary share for the financial year ended 31 December 2023, amounting to RM44,046,190 was declared on 24 May 2023 and paid on 7 July 2023 to depositors registered in the Record of Depositors at the close of business on 12 June 2023.

No dividend has been proposed by the Directors for the financial quarter under review (corresponding period in Year 2022: 15sen).

9 Segmental Reporting

	Revenue from external customers		Profit before tax	
	6 months ended 30 June			
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Timber products	143,088	213,176	25,236	49,452
Oil palm	590,445	926,727	88,307	240,675
Others	2,291	2,004	1,435	148
	735,824	1,141,907	114,978	290,275

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.

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Notes to the interim financial report

14 Trade and Other Receivables

	As At 30 June 2023 RM'000	As At 31 December 2022 RM'000
Current assets		
Trade receivables	39,170	33,633
Other receivables	1,107	10,995
Deposits	3,727	3,686
Prepayments		
-Plant and machinery	2,286	2,332
-Others	12,181	10,393
	<u>58,471</u>	<u>61,039</u>

15 Capital Commitments

	As At 30 June 2023 RM'000
Property, plant and equipment	
- Contracted but not provided for	<u>4,770</u>

16 Review of Performance

- (a) For the quarter under review, the Group reported a revenue of RM385.17 million as compared to RM654.15 million in the corresponding quarter in 2022. The Group's profit before tax stood at RM59.18 million for the quarter under review as compared to RM175.46 million of the corresponding quarter in 2022.

The performance was impaired due to lower average selling price achieved for the crude palm oil ("CPO"), fresh fruit bunches ("FFB") and plywood product by 43%, 45% and 21% respectively which coupled with lower sales volume for FFB and plywood product by 11% and 42%.

The Group had recognised a gain of RM10.70 million from the changes in the fair value of the biological assets during the current quarter under review as compared to a loss of RM20.30 million in the preceding corresponding quarter.

- (b) For the first half year of 2023, the Group's revenue and net profit were RM735.82 million and RM97.37 million compared to RM1.14 billion and RM235.23 million of the corresponding period in year 2022.

The lower profit performance was principally due to drop in the commodity average selling price for CPO, FFB and plywood product by 39%, 43% and 13% respectively .

The Group had recognised a gain from the changes in the fair value of the biological assets amounting to RM11.40 million during the current period under review as compared to a gain of RM8.23 million in the preceding corresponding period.

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Notes to the interim financial report

17 Variation of Results compared to the Preceding Quarter

The Group recorded a revenue and profit before tax of RM385.17 million and RM59.18 million respectively in the quarter under review as compared to RM350.65 million and RM55.80 million respectively in the preceding quarter.

Higher revenue and profit were mainly derived from the increased sales volume for CPO and FFB by 18% and 14% respectively.

18 Current Year Prospects

With reducing supply base from the natural forest, the Group continues to maintain its focus in sustainable management of timber resources in the FMU area. The timber product outlook is anticipated to remain positive with stable demand against the stringent environmental control on supplies. The price trend will move in tandem with the overall economic growth in the purchasing countries such as India, China, Japan and Taiwan.

Japan's plywood inventory level is reported relatively low as the buyers have been restrained by weak yen currency in their purchases over the past months. However, plywood overall demand remain stable and the market is expected to improve in the 2H'23.

For Palm Oil sector, with the continued Russia-Ukraine conflict, impacting the export routes and corridor closures in the Black Sea, have adversely affected the distribution of vegetable oils and caused a rising concern of food security issue worldwide. The present CPO price is therefore unfavourably discounted against other competing vegetable oils. Given the higher proportional price differential between the palm oil and other temperate vegetable oils, the gap should help to stimulate the CPO demand and prices in the 2H'23.

In addition to that, the non-new planting policy after 2016 will stabilise the CPO production within Malaysia and Indonesia. As such, positive Crude palm oil (CPO) price is expected to remain stable and firm with an uptrend.

With the upcoming peak crop production in 2H'23, the Group's operating strategy is to ensure full harvesting of FFB on the field.

Barring 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.

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Notes to the interim financial report

20 Profit after change in fair value of biological assets

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit after change in fair value of biological assets is arrived at after crediting/(charging):				
Finance income	2,725	1,602	4,848	2,837
Finance costs	(2,644)	(2,872)	(5,469)	(5,790)
Depreciation and amortisation	(22,002)	(21,063)	(43,449)	(43,227)
Gain on disposal of quoted investments	-	147	-	1,250
Gain on disposal of property, plant and equipment	98	-	160	34
Property, plant and equipment written off	(24)	(179)	(40)	(227)
Foreign exchange gain - realised	2,495	2,558	4,929	4,247

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.

21 Tax Expense

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

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense				
continuing operations	16,041	41,065	29,012	63,283
Share of tax of equity-accounted associates	1,389	3,147	2,972	8,615
Total taxation	17,430	44,212	31,984	71,898
Current tax expense				
- Current year	13,268	28,167	25,337	47,335
Deferred tax expense				
- Current year	2,773	12,898	3,675	15,948
Share of tax of equity-accounted associates	1,389	3,147	2,972	8,615
Total tax expense	17,430	44,212	31,984	71,898
Reconciliation of tax expense				
Profit after change in fair value of biological assets	53,837	114,091	97,366	235,225
Change in fair value of biological assets	(10,700)	20,300	(11,400)	(8,233)
Total tax expense	17,430	44,212	31,984	71,898
Profit excluding tax	60,567	178,603	117,950	298,890
Tax calculated using Malaysian tax rate of 24% (2022: 24%)				
- Prima facie income tax expense	14,536	42,864	28,308	71,733
- Non-deductible expenses	1,567	760	2,591	2,132
- Tax exempt income	(94)	(511)	(336)	(966)
- Movements in unrecognized deferred tax assets	1,421	1,099	1,421	(1,001)
Tax expense for the period	17,430	44,212	31,984	71,898

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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 30 June 2023 RM'000	As at 30 June 2022 RM'000
Cash in hand	156	141
Cash at banks	418,868	472,125
Fixed deposits	47,950	26,745
	<hr/> 466,974	<hr/> 499,011

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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Notes to the interim financial report

25 Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2023 were as follows: -

	As at 30 June 2023
	RM'000
<u>Current</u>	
<i>Denominated in Ringgit Malaysia</i>	
Unsecured -	
Bankers' acceptances/ Export credit refinancing/Invoice financing	15,138
Revolving credits	105,000
Term loans	
- Islamic	22,870
Secured -	
Hire purchase financing	5,588
Revolving credits	13,000
Term loans	29,009
	<hr/>
	190,605
<u>Non-current</u>	
<i>Denominated in Ringgit Malaysia</i>	
Unsecured -	
Term loans	
- Islamic	6,720
Secured -	
Hire purchase financing	4,345
Term loans	31,252
	<hr/>
	42,317
	<hr/>
Total	232,922

26 Material Litigation

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

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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:

	6 months ended 30 June	
	2023	2022
	RM'000	RM'000
Transactions with associates		
Purchase of fresh fruit bunches	15,031	25,365
Purchase of palm kernel shell	2,571	560
Sales of fresh fruit bunches	-	(975)
Sales of logs and timber products	(25)	(47)
Contract income	(489)	(410)
Transactions with companies connected to certain Directors of the Company and its subsidiaries		
Contract fees and fuel surcharge	11,485	7,641
Handling fees, transportation & freight charges	10,540	9,584
Insurance premium	1,441	1,562
Purchase of fresh fruit bunches	100,349	145,043
Rental of premises paid	3	3
Purchase of spare parts, fertiliser & consumables	5,666	5,988
Purchase of logs and timber products	-	1,789
Security charges	42	135
Computer hardware & software development fees	869	1,315
Purchase of diesel and lubricants	13,642	18,525
Purchase of palm kernel shell	2,691	995
Hire of property, plant and equipment	30	36
Sales of logs and timber products	(4,072)	(2,300)
Sales of fresh fruit bunches	(28,245)	(60,724)
Income from rental of premises	(46)	(40)
Handling fee received	(1,165)	(1,288)
Transport subsidised	(499)	(610)
	=====	=====

28 Key Management Personnel Compensation

Compensations to key management personnel are as follows:

	6 months ended 30 June	
	2023	2022
	RM'000	RM'000
Directors		
- Fees	715	775
- Remunerations	2,045	2,050
	<u>2,760</u>	<u>2,825</u>
Other key management personnel		
- Fees	143	143
- Remunerations	1,423	1,383
	<u>1,566</u>	<u>1,526</u>
Total	<u>4,326</u>	<u>4,351</u>

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Notes to the interim financial report

29 Earnings Per Share

	3 months ended 30 June 2023	6 months ended 30 June 2023
(a) Basic		
Net profit attributable to ordinary owners of the Company ('000)	<u>RM 42,975</u>	<u>RM 82,245</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>9.76</u>	<u>18.67</u>
(b) Diluted	<u>9.76</u>	<u>18.67</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 30 June 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 30 August 2023.