



TH Plantations Berhad

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

The Directors are pleased to announce the unaudited consolidated results for the period ended 30 September 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		UNAUDITED			
		THIRD QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
		RM'000	RM'000	RM'000	RM'000
	Note				
Revenue	26	136,007	140,909	357,403	400,702
Fair value change in biological assets	17	7,115	(8,504)	10,244	3,901
Cost of sales		(110,418)	(126,186)	(309,107)	(336,294)
Gross profit		32,704	6,219	58,540	68,309
Other income	7	855	132	2,656	4,415
Administrative expenses	8	(7,233)	(13,219)	(23,686)	(38,088)
Other expenses	9	(55,208)	(1,396)	(58,120)	(3,195)
Results from operating activities		(28,882)	(8,264)	(20,610)	31,441
Profit margin income from short-term investments and receivables		128	162	335	758
Finance cost	10	(20,037)	(15,568)	(60,637)	(46,265)
Net finance cost		(19,909)	(15,406)	(60,302)	(45,507)
Loss before tax	26	(48,791)	(23,670)	(80,912)	(14,066)
Tax expense	30	8,778	1,148	9,252	(339)
Loss for the year	26	(40,013)	(22,522)	(71,660)	(14,405)
Other comprehensive income/ (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		225	(1,529)	1,445	(6,896)
Other comprehensive income/ (expense), net of tax		225	(1,529)	1,445	(6,896)
Total comprehensive expense for the year		(39,788)	(24,051)	(70,215)	(21,301)



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

		UNAUDITED			
		THIRD QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
		RM'000	RM'000	RM'000	RM'000
Loss attributable to:					
Owners of the Company		(31,609)	(19,803)	(58,850)	(16,371)
Non-controlling interests		(8,404)	(2,719)	(12,810)	1,966
Loss for the year		(40,013)	(22,522)	(71,660)	(14,405)
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		(31,400)	(21,225)	(57,506)	(22,784)
Non-controlling interests		(8,388)	(2,826)	(12,709)	1,483
Total comprehensive expense for the year		(39,788)	(24,051)	(70,215)	(21,301)
Basic earnings per ordinary share (sen)	37	(3.58)	(2.24)	(6.66)	(1.85)
Diluted earnings per ordinary share (sen)	37	(3.58)	(2.24)	(6.66)	(1.85)

The Condensed Consolidated Statement Of 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.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.09.2019	As at 31.12.2018
		RM'000	RM'000
Assets			
Property, plant and equipment		1,281,500	1,765,183
Right-of-use – property, plant and equipment		184,165	-
Plantation development expenditure	14	70,308	84,842
Forestry	15	49,825	49,825
Other investments	16	1,825	1,825
Deferred tax assets		65,327	54,166
Total non-current assets		1,652,950	1,955,841
Inventories		8,380	19,634
Current tax assets		2,620	15,166
Biological assets	17	32,792	35,658
Other investments	16	1,213	1,888
Trade and other receivables		44,813	36,899
Prepayments and other assets		8,171	7,745
Cash and cash equivalents	18	43,851	50,561
		141,840	167,551
Assets classified as held for sale	19	1,256,601	744,911
Total current assets		1,398,441	912,462
Total assets		3,051,391	2,868,303



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 30.09.2019	As at 31.12.2018
		RM'000	RM'000
Equity			
Capital and reserve		771,348	770,004
(Accumulated loss)/ Retained earnings		(36,495)	22,355
Equity attributable to owners of the Company		734,853	792,359
Non-controlling interests		290,027	302,736
Total equity		1,024,880	1,095,095
Liabilities			
Loans and borrowings	34	1,147,555	1,199,510
Lease liabilities		184,437	-
Employee benefits		518	542
Deferred tax liabilities		162,727	252,542
Trade and other payables		18,275	10,388
Total non-current liabilities		1,513,512	1,462,982
Loans and borrowings	34	142,758	41,544
Lease liabilities		8,665	-
Trade and other payables		164,528	202,701
Current tax liabilities		599	1
Liabilities classified as held for sale	19	196,449	65,980
Total current liabilities		512,999	310,226
Total liabilities		2,026,511	1,773,208
Total equity and liabilities		3,051,391	2,868,303
Net tangible assets per share (RM)		0.83	0.90

The 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.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

Group	Note	/-----Attributable to owners of the Company-----/						Distributable (Accumulated loss)/ Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share Option reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000				
At 1 January 2018		862,752	-	(80,786)	-	(8,012)	773,954	634,639	1,408,593	367,647	1,776,240
Foreign currency translation differences for foreign operations		-	-	-	-	(3,778)	(3,778)	-	(3,778)	(284)	(4,062)
Remeasurement loss on defined benefit liability		-	-	(172)	-	-	(172)	-	(172)	(13)	(185)
Total other comprehensive expense for the year		-	-	(172)	-	(3,778)	(3,950)	-	(3,950)	(297)	(4,247)
Loss for the year		-	-	-	-	-	-	(594,608)	(594,608)	(63,774)	(658,382)
Total comprehensive expense for the year		-	-	(172)	-	(3,778)	(3,950)	(594,608)	(598,558)	(64,071)	(662,629)
<i>Contribution by and distribution to owners of the Group</i>											
Dividends to owners of the Company		-	-	-	-	-	-	(17,676)	(17,676)	-	(17,676)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(840)	(840)
Total transactions with owners of the Group		-	-	-	-	-	-	(17,676)	(17,676)	(840)	(18,516)
At 31 December 2018		862,752	-	(80,958)	-	(11,790)	770,004	22,355	792,359	302,736	1,095,095



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (continued)

Group	Note	/-----Attributable to owners of the Company-----/						Distributable (Accumulated loss)/ Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share Option reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000				
At 1 January 2019		862,752	-	(80,958)	-	(11,790)	770,004	22,355	792,359	302,736	1,095,095
Foreign currency translation differences for foreign operations		-	-	-	-	1,344	1,344	-	1,344	101	1,445
Total other comprehensive income for the year						1,344	1,344	-	1,344	101	1,445
Loss for the year		-	-	-	-	-	-	(58,850)	(58,850)	(12,810)	(71,660)
Total comprehensive income for the year		-	-	-	-	1,344	1,344	(58,850)	(57,506)	(12,709)	(70,215)
<i>Contribution by and distribution to owners of the Group</i>											
Dividends to owners of the Company		-	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Group		-	-	-	-	-	-	-	-	-	-
At 30 September 2019		862,752	-	(80,958)	-	(10,446)	771,348	(36,495)	734,853	290,027	1,024,880

The 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.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	FOR THE THIRD QUARTER ENDED	
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(80,912)	(14,066)
Adjustment for non-cash items	178,350	105,434
Operating profit before changes in working capital	97,438	91,368
Net changes in working capital	(34,745)	7,610
Cash generated from operations	62,693	98,978
Profit margin income from short-term investments and other receivables	335	758
Finance cost	(50,419)	(51,834)
Tax paid	(12,659)	(22,185)
Tax refund	1,220	1,459
Net cash generated from operating activities	1,170	27,176
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,375)	(16,803)
Decrease in other investment	674	(22)
Plantation development expenditure	(28,958)	(39,922)
Forestry	(4,056)	(13,382)
Proceeds from disposal of property, plant and equipment	121	69
Net cash used in investing activities	(37,594)	(70,060)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 (continued)

	Note	FOR THE THIRD QUARTER ENDED	
		30.09.2019	30.09.2018
		RM'000	RM'000
Cash flows from financing activities			
Dividends paid to owners of the Company		(157)	(18,146)
Dividends paid to non-controlling interest		(2,635)	-
Proceeds from drawdown of loans and borrowings		68,551	43,253
Proceeds from drawdown of tradeline		89,064	89,903
Loan repayment		(123,565)	(108,910)
Net cash generated from financing activities		31,258	6,100
Net decrease in cash and cash equivalents		(5,166)	(36,784)
Cash and cash equivalents at 1 January		50,969	99,238
Cash and cash equivalents at end of the period		45,803	62,454

Cash and cash equivalents comprise:

	Note	FOR THE THIRD QUARTER ENDED	
		30.09.2019	30.09.2018
		RM'000	RM'000
Deposits		35,097	42,998
Less: Other investments		(1,213)	(3,310)
	18	33,884	39,688
Cash and bank balances	18	11,919	22,766
		45,803	62,454



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NOTES PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost basis unless otherwise stated.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

2. Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2018 except for MFRS 16 *Leases* as disclosed below.

MFRS 16: Leases

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. 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 similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.



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2. Significant Accounting Policies (continued)

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has elected to apply MFRS 16 using a simplified retrospective approach, whereby there is no adjustment on the cumulative effect of initial application of MFRS 16 to the opening balance of retained earnings at the date of initial application.

3. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, certain judgements made by management in applying the Group's accounting policies and the key sources of estimation, were the same as those applied to the financial statements as at and for the year ended 31 December 2018.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed below :

(i) **Depreciation of estate**

The rate used to depreciate the estate is based on the general rule of the normal palm oil trees production trend.

(ii) **Recoverable amount of plantation development expenditure ("PDE")**

Management reviews its PDE for objective evidence of impairment annually. Significant delay in maturity is considered as an indication of impairment. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the performance of the PDE, or whether there have been significant changes with adverse effect in the market environment in which the PDE operates in.

(iii) **Intangible assets-goodwill**

Measurement of recoverable amounts of cash generating units is derived based on value in use of the cash generating unit.

(iv) **Deferred income**

Determination of the fair value of the soft loan received from Government agency for development and maintenance of rubber trees (forestry) were determined using the Group financing rate of 7.85% and the difference between the fair value and nominal value is treated as government grant.



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(v) **Forestry**

The fair value of the assets is determined using valuation prepared by external, licensed independent property valuer as at 31 December 2018. The directors of the Group are of the opinion that there is no material change in the fair value of forestry during the quarter.

(vi) **Contingencies**

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

(vii) **Deferred tax**

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing our ability to utilise tax benefits through future earnings.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors have expressed an unqualified opinion on the Group's statutory consolidated financial statements for the year ended 31 December 2018 in their report dated 2 April 2019.

5. Seasonal or Cyclical Factors

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

6. Unusual Items Due To Their Nature, Size or Incidence

There are no unusual items affecting assets, liabilities, equity and net income.



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7. Other income

Other income consist of the following:

- a) Fair value on government grant
- b) Management fees
- c) Sundry income

30.09.2019 RM'000	30.09.2018 RM'000
-	2,309
887	1,223
1,769	883
2,656	4,415

8. Administrative expenses

Administrative expenses consist of the followings:

- a) Overhead expenses
- b) Rental of office
- c) Lease of land
- d) Sundry expenses

30.09.2019 RM'000	30.09.2018 RM'000
17,803	23,386
-	3,541
-	2,196
5,883	8,965
23,686	38,088

* Lease rental and rental of office have been accounted based on MFRS 16 during the financial year 2019.



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9. Other expenses

Other expenses consist of the followings:

- a) Head Office Depreciation
- b) Head Office Depreciation-Right of Use
- c) Impairment on receivables
- d) Impairment loss on property
plant and equipment ("PPE")
- e) Miscellaneous expenses

30.09.2019 RM'000	30.09.2018 RM'000
998	1,238
2,336	-
134	-
53,569	-
1,083	1,957
58,120	3,195

10. Finance cost

Finance cost on:

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

30.09.2019 RM'000	30.09.2018 RM'000
49,048	43,926
2,298	2,339
9,291	-
60,637	46,265

11. Changes in Estimated Amounts Reported in Prior Period Which Have Effect on the Current Period

There were no changes in estimated amounts reported in prior period.



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12. Changes in Debt and Equity Securities

During the period under review, The Group carried out following:

- Drawdown of USD1.9 million (RM7.7 million at an exchange rate of 1USD:RM4.0750) Commodity Murabahah Term Financing-i at an effective profit margin rate of 5.36%.
- Drawdown of RM60.0 million Commodity Murabahah Revolving-i at an effective profit margin rate of 5.64%.
- Repayment of RM19.50 million Commodity Murabahah Term Financing-i at an effective profit margin rate of 5.85%.
- Repayment of RM13.72 million Flexi Term Financing-i at an effective profit margin rate of 5.43%.

Apart from the above, there were no other issuances, cancellations, repurchases, resale of debt and equity securities in the period.

13. Dividends

There were no dividends declared nor paid during the third quarter ended 30 September 2019.

14. Plantation development expenditure

Note	30.09.2019 RM'000	31.12.2018 RM'000
At 1 January	84,842	318,423
Additions during the year	36,330	64,374
Addition of nurseries	1,226	3,223
Transfer from assets held for sale	133,718	-
Transfer to property, plant and equipment	(79,930)	(68,238)
Write off	-	(12,028)
Impairment	-	(83,193)
Effect of movement in exchange rate	2,624	(4,001)
Transfer to assets held for sale	(108,502)	(133,718)
	70,308	84,842



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15. Forestry

	30.09.2019 RM'000	31.12.2018 RM'000
At 1 January	49,825	187,956
Addition during the year	9,979	26,005
Transfer from nurseries	-	(2,393)
Additions of nurseries	-	1,678
Addition charged to profit and loss	(9,979)	(26,005)
Change in fair value recognised to profit or loss	-	(134,300)
Write off	-	(3,116)
	49,825	49,825

16. Other investments

	30.09.2019 RM'000	31.12.2018 RM'000
Non-current		
Fair value through profit or loss	1,825	1,825
Current		
Amortised cost	1,213	1,888
	3,038	3,713



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17. Biological assets

	Note	30.09.2019 RM'000	31.12.2018 RM'000
At 1 January		35,658	52,105
Transfer from asset held for sale		6,591	
Change in fair value recognised to profit or loss		10,244	(9,856)
Less: Transfer to assets held for sale	19	(19,701)	(6,591)
		32,792	35,658

Biological assets comprise of produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested.

18. Cash and cash equivalents

	Note	30.09.2019 RM'000	31.12.2018 RM'000
Deposits placed with licensed banks		33,884	36,244
Cash and bank balances		11,919	14,725
Transfer to assets held for sale	19	45,803 (1,952)	50,969 (408)
		43,851	50,561



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19. Group assets held for sale

On 26 November 2018, the Board of Directors had approved in principle the disposals of THP-YT Plantation Sdn. Bhd. ("THPYT"), TH PELITA Meludam Sdn. Bhd. ("THPM"), TH PELITA Beladin Sdn. Bhd. ("THPBel"), TH PELITA Simunjan Sdn. Bhd. ("THPSim"), Hydroflow Sdn. Bhd. ("HYD"), Bumi Suria Ventures Sdn. Bhd. ("BSV") and Maju Warisanmas Sdn. Bhd. ("MWM").

Apart from the companies mentioned above, the Board of Directors had approved the disposals of TH Bonggaya Sdn. Bhd. ("THB"), TH-USIA Jatimas Sdn. Bhd. ("THUJ") and PT Persada Kencana Prima (PTPKP) on 27 February 2019.

Subsequently, on 1 August 2019, the Board of Directors had approved the proposal to dispose four additional subsidiary companies which are THP Saribas Sdn. Bhd., THP Ibok Sdn. Bhd., TH PELITA Gedong Sdn. Bhd. and TH PELITA Sadong Sdn. Bhd.

Efforts to sell have commenced, and sale is expected to be completed within twelve (12) months from the approval date except for THB, THUJ, PTPKP, THP Saribas Sdn Bhd and THP Ibok Sdn Bhd of which the Board is of the opinion that completion will take more than 12 months, hence those companies was not being reclassified as asset held for sale. Assets classified as held for sale are as below:

Group

Assets classified as held for sale

	Note	30.09.2019 RM'000
Property, plant and equipment ("PPE")	a	1,024,682
Right-of-use – PPE		49,420
Plantation development expenditure ("PDE")		108,502
Goodwill		9,761
Deferred tax assets		23,206
Biological assets		19,701
Inventories		8,861
Current tax assets		2,193
Trade and other receivables		8,169
Prepayment and Other assets		154
Cash and cash equivalents		1,952
		<u>1,256,601</u>

Liabilities classified as held for sale

Lease liabilities	50,290
Deferred tax liability	107,777
Payables and accruals	38,113
Current tax payable	269
	<u>196,449</u>

Note

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

	RM'000
Cost	1,329,701
Accumulated depreciation	(305,019)
	<u>1,024,682</u>



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20. Operating segments

	Oil palm Plantation	Forestry	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
RESULTS FOR 3 MONTHS ENDED				
30 SEPTEMBER 2019				
External operating revenue	136,007	-	-	136,007
Inter-segment revenue	21,099	-	(21,099)	-
Total operating revenue	157,106	-	(21,099)	136,007
Fair value change in biological assets	7,115	-	-	7,115
Other income	10,515	-	(9,532)	983
	174,736	-	(30,631)	144,105
Operating expenses	(128,590)	(652)	18,824	(110,418)
Segment results	46,146	(652)	(11,807)	33,687
Other expenses	(44,902)	(47)	(17,492)	(62,441)
Finance cost	(35,517)	(2,895)	18,375	(20,037)
Loss before tax	(34,273)	(3,594)	(10,924)	(48,791)
RESULTS FOR 3 MONTHS ENDED				
30 SEPTEMBER 2018				
External operating revenue	140,909	-	-	140,909
Inter-segment revenue	23,801	-	(23,801)	-
Total operating revenue	164,710	-	(23,801)	140,909
Fair value change in biological assets	(8,504)	-	-	(8,504)
Other income	25,204	(406)	(24,504)	294
	181,410	(406)	(48,305)	132,699
Operating expenses	(133,195)	(7,576)	14,585	(126,186)
Segment results	48,215	(7,982)	(33,720)	6,513
Other expenses	(22,399)	(167)	7,951	(14,615)
Finance cost	(30,382)	(2,277)	17,091	(15,568)
Loss before tax	(4,566)	(10,426)	(8,678)	(23,670)



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20. Operating segments (continued)

	Oil palm Plantation	Forestry	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
RESULTS UP TO THIRD QUARTER ENDED				
30 SEPTEMBER 2019				
External operating revenue	357,403	-	-	357,403
Inter-segment revenue	53,055	-	(53,055)	-
Total operating revenue	410,458	-	(53,055)	357,403
Fair value change in biological assets	10,244	-	-	10,244
Other income	58,203	22	(55,234)	2,991
	478,905	22	(108,289)	370,638
Operating expenses	(356,246)	(2,736)	49,875	(309,107)
Segment results	122,659	(2,714)	(58,414)	61,531
Other expenses	(71,590)	(249)	(9,967)	(81,806)
Finance cost	(106,712)	(8,591)	54,666	(60,637)
Loss before tax	(55,643)	(11,554)	(13,715)	(80,912)
RESULTS UP TO THIRD QUARTER ENDED				
30 SEPTEMBER 2018				
External operating revenue	400,702	-	-	400,702
Inter-segment revenue	58,305	-	(58,305)	-
Total operating revenue	459,007	-	(58,305)	400,702
Fair value change in biological assets	3,901	-	-	3,901
Other income	73,414	1,592	(69,833)	5,173
	536,322	1,592	(128,138)	409,776
Operating expenses	(361,165)	(13,800)	38,671	(336,294)
Segment results	175,157	(12,208)	(89,467)	73,482
Other expenses	(66,542)	(371)	25,630	(41,283)
Finance cost	(88,227)	(6,708)	48,670	(46,265)
Profit/ (Loss) before tax	20,388	(19,287)	(15,167)	(14,066)



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20. Operating segments (continued)

	Oil palm Plantation	Forestry	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2019				
Assets that belong to the Group	4,578,568	103,097	(1,630,274)	3,051,391
Total Assets	4,578,568	103,097	(1,630,274)	3,051,391
Liabilities that belong to the Group	3,553,763	202,756	(1,730,008)	2,026,511
Total liabilities	3,553,763	202,756	(1,730,008)	2,026,511
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2018				
Assets that belong to the Group	5,056,519	100,859	(2,289,075)	2,868,303
Total Assets	5,056,519	100,859	(2,289,075)	2,868,303
Liabilities that belong to the Group	3,009,049	188,964	(1,424,805)	1,773,208
Total liabilities	3,009,049	188,964	(1,424,805)	1,773,208



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21. Valuation of Property, Plant and Equipment

During the period, certain assets of the Group has been valued by Independent professional's valuers.

22. Material Event Subsequent to the Balance Sheet Date

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

23. Contingent Liabilities

The Directors are of the opinion that the Group has no contingent liabilities which may have a material impact on the financial position and business of the Group as at 26 November 2019.

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

Approved and contracted for
Approved but not contracted for

30.09.2019 RM'000
1,551
78,962
80,513

25. Material Related Party Transactions

			For the third quarter ended 30.09.2019
Transacting Parties	Relationship	Nature of transactions	RM'000
Transactions with THP Lembaga Tabung Haji	Holding Corporation	Lease of land	2,196
Transactions with THP Group Syarikat Takaful Malaysia TH Travel Sdn Bhd Deru Semangat Sdn Bhd	Related Company Related company Related Company	Insurance premium Purchase flight tickets Management fees	4,347 210 240

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

26. Review of Group's Financial Performance

	UNAUDITED THIRD QUARTER TODATE		VARIANCE	
	CURRENT YEAR	PRECEDING YEAR		
	30.09.2019	30.09.2018	RM'000	%
	RM'000	RM'000		
Revenue	357,403	400,702	(43,299)	(10.81)
Fair value change in biological assets	10,244	3,901	6,343	162.60
Operating profit	58,540	68,309	(9,769)	(14.30)
(Loss)/ Profit Before Interest and Tax (“LBT” /PBIT”)	(20,610)	31,441	(52,051)	(165.55)
Loss Before Tax (“LBT”)	(80,912)	(14,066)	(66,846)	(475.23)
Loss after Tax (“LAT”)	(71,660)	(14,405)	(57,255)	(397.47)
Loss attributable to owners of the Company (“LATAMI”)	(58,850)	(16,371)	(42,479)	(259.48)

	THIRD QUARTER TODATE		VARIANCE	
	2019	2018		
	MT	MT	MT	%
Sales volume				
Crude palm oil	147,357	133,953	13,404	10.01
Palm kernel	33,066	28,493	4,573	16.05
FFB	108,830	114,532	(5,702)	(4.98)

	THIRD QUARTER TODATE		VARIANCE	
	2019	2018		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
Crude palm oil	1,915	2,229	(314)	(14.09)
Palm kernel	1,137	1,835	(698)	(38.04)
FFB	345	435	(90)	(20.69)



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

Overall

The Group's revenue for the nine months ended 2019 ("9M19") declined by 10.81% to RM357.40 million due to lower average realised prices for CPO, PK and FFB. The Group incurred significant loss before taxation of RM80.91 million as compared to Loss before Taxation of RM14.07 million in the corresponding quarter in previous year. This was largely due to impairment losses of PPE amounting to RM53.57 million, lower revenue due to lower average realised prices for CPO, PK and FFB and higher finance cost by RM14.37 million mainly due to adoption of MFRS 16 *Leases*.

However, it was partly offset by lower operating expenses by RM27.18 million and higher fair value change in biological assets by RM6.34 million.

Excluding impairment, Loss before taxation for the Group was RM27.34 million.

Plantation sector

In 9M19, FFB production increased by 4.18% to 685,106 mt with FFB yield per hectare of 13.58 mt/ha. OER increased to 20.13% compared to 19.90% achieved in the same period last year. Despite the improved operational performance, the plantation sector incurred loss before taxation of RM55.64 million as compared to profit before taxation of RM20.39 million in 9M18 due to lower selling prices and higher other expenses as result of impairment of PPE amounting to RM53.57 million.

Forestry sector

For 9M19, the forestry sector recorded a lower LBT of RM11.55 million, as compared to a LBT of RM19.29 million in 9M18. This is a result of lower operating expenses in 9M19.



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

	2019	2019	VARIANCE	
	Quarter 3	Quarter 2	RM'000	%
Revenue	136,007	106,113	29,894	28.17
Fair value change in biological assets	7,115	(3,535)	10,650	301.27
Operating profit	32,704	958	31,746	3,313.78
Loss Before Interest and Tax ("LBIT")	(28,882)	(8,585)	(20,297)	(236.42)
Loss Before Tax ("LBT")	(48,791)	(29,088)	(19,703)	(67.74)
Loss after Tax ("LAT")	(40,013)	(22,745)	(17,268)	(75.92)
Loss attributable to owners of the Company ("LATAMI")	(31,609)	(19,150)	(12,459)	(65.06)

	2019	2019	VARIANCE	
	Quarter 3	Quarter 2	MT	%
Sales volume				
Crude palm oil	54,736	45,116	9,620	21.32
Palm kernel	12,310	9,850	2,460	24.97
FFB	50,568	28,219	22,349	79.20

	2019	2019	VARIANCE	
	Quarter 3	Quarter 2	RM/MT	%
Average realised prices				
Crude palm oil	1,916	1,906	10	0.52
Palm kernel	1,105	1,062	43	4.05
FFB	345	343	2	0.58



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

Overall

The Group's revenue increased by 28.17% to RM136.01million compared to the preceding quarter. Operationally, The Group registered a higher operating profit by RM31.75 million due to higher revenue and higher fair value change in biological asset by RM10.65 million. However, the Group recorded a higher LBT of RM48.79 million in 3Q19 compared to RM29.09 million in 2Q19 mainly attributed to impairment of PPE amounting to RM53.57 million.

Plantation sector

The Plantation sector registered a higher operating profit of RM35.63 million as compared to RM0.49 million in 2Q19 mainly contributed by higher revenue and higher fair value change in biological asset. However, the sector's recorded LBT of RM34.27 million in the current quarter compared to a LBT of RM26.58 million in the preceding quarter. A few factors contributed to the significant change in results, as follows:

- a) Higher estate production cost by RM10.21 million mainly due to higher manuring cost during the current quarter.
- b) Higher other expenses mainly due to impairment in plantation assets amounting to RM53.57 million.

Forestry sector

For 3Q19, the forestry sector registered a lower LBT of RM3.59 million compared to RM3.81 million LBT in preceding quarter. This is due to lower operating expenses incurred during 3Q19 as compared to the preceding quarter



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28. Current Year Prospects

Overall production for the industry improved in the period of Jan – Sep 2019 compared to a year ago (same time-period). However, prices of palm oil commodities have remained low, thus increasing pressure on industry profitability. The production had increased by 9.30% in 9M2019 compare to 9M2018. The bearish elements in CPO prices such as an increase in stock by 11.34% (on average) and higher import by 44.30%. However we are optimistic with the prices will be on an increasing trend in line with the global concern on lower supply of CPO arising from adverse weather in Indonesia, poor input of fertilizer & demand in the enforcement of higher biodiesel mandates in Indonesia (B30%) & Malaysia (B20%). Besides biodiesel mandates, demand for Palm Oil from China is also expected to rise due to competitive CPO price against substitute oils & on-going US-China trade war.

The Group anticipates stronger production as well as improved operational efficiencies in FY2019. However, the Group's performance is also highly contingent on palm oil commodity prices which are expected to remain largely subdued at the current level.

29. Variance of Actual Profit from Forecast Profit

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

30. Taxation

	THIRD QUARTER		CUMULATIVE QUARTER	
	Current year RM000	Preceding year RM000	Current year RM000	Preceding year RM000
Current	(2,704)	(3,615)	(8,050)	(13,183)
Deferred	11,482	4,763	17,302	12,844
	8,778	1,148	9,252	(339)

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

Current year tax for 3Q19 was lower compared to preceding year due to higher deferred tax assets recognised during the period and also lower taxable income.

31. Unquoted Investments and /or Properties

There were no purchases or disposals of unquoted investments for the current quarter under review.



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32. Quoted Investments

There were no purchases of quoted investments for the current quarter under review.

33. Status of Corporate Proposals

There are no other corporate proposals announced for the current quarter under review.

34. Group Borrowings

As at 30 September 2019, total borrowings are as follows:

	Note	As at 30.09.2019 RM'000	As at 31.12.2018 RM'000
Non-current			
Secured			
Commodity Murabahah Term Financing-i (THPS)		207,941	229,819
Commodity Murabahah Term Financing-i (PTPKP)		47,163	38,612
Unsecured			
SUKUK Murabahah		855,000	895,000
Medium Term Notes		37,451	36,079
Term Financing			
		1,147,555	1,199,510
Current			
Secured			
Flexi Term Financing-i		-	13,715
Commodity Murabahah Term Financing-i (THPS)		32,500	30,000
Commodity Murabahah Revolving-i		60,000	-
Unsecured			
SUKUK Murabahah		40,000	-
Medium Term Notes		10,258	11,544
Islamic Trade Financing-i			
		142,758	55,259
Transfer to assets held for sale	19	-	(13,715)
		142,758	41,544
		1,290,313	1,241,054



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34. Group Borrowings (continued)

Maturity analysis

Tenure	Year of maturity	SUKUK	Other Financial Instruments	TOTAL	Foreign Currency denominated loan
		RM'000	RM'000	RM'000	USD'000
1-2 years	2019	-	77,258	77,258	-
2-3 years	2020	40,000	29,500	69,500	-
3-4 years	2021	75,000	30,000	105,000	-
4-5 years	2022	100,000	30,000	130,000	1,000
5-6 years	2023	105,000	33,000	138,000	2,000
6-7 years	2024	110,000	37,000	147,000	2,000
7-8 years	2025	120,000	39,500	159,500	2,000
8-9 years	2026	145,000	34,441	179,441	4,279
9-10 years	2027	200,000	-	200,000	-
10-11 years	2028	-	-	-	-
11-12 years	2029	-	37,451	37,451	-
		895,000	348,150	1,243,150	11,279*

Total borrowings

Local currency denominated loan
Foreign currency denominated loan (USD 11.28 million)

30.09.2019 RM'000
1,243,150
47,163
1,290,313

35. 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.

36. Material Litigation

There is no material litigations as at the date of this report.



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37. Earnings Per Share

		UNAUDITED THIRD QUARTER		UNAUDITED CUMULATIVE	
		Current Year	Preceding Year	Current Year	Preceding Year
Basic earnings per share					
Loss attributable to shareholders	RM'000	(31,609)	(19,803)	(58,850)	(16,371)
Weighted average number of ordinary shares in issue	000	883,851	883,851	883,851	883,851
Basic loss per share	sen	(3.58)	(2.24)	(6.66)	(1.85)
Diluted earnings per share					
Loss attributable to shareholders	RM'000	(31,609)	(19,803)	(58,850)	(16,371)
Weighted average number of ordinary shares in issue	000	883,851	883,851	883,851	883,851
Effect of dilution		-	-	-	-
Adjusted weighted average of ordinary shares in issue	000	883,851	883,851	883,851	883,851
Diluted loss per share	sen	(3.58)	(2.24)	(6.66)	(1.85)

38. Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 26 November 2019.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
26 November 2019