



TH Plantations Berhad

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ON UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

		UNAUDITED			
		3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		250,445	176,148	448,555	307,391
Fair value changes in biological assets		(20,896)	11,086	(9,696)	25,980
Cost of sales		(183,638)	(120,138)	(324,693)	(215,395)
Gross profit		45,911	67,096	114,166	117,976
Other income		4,955	1,839	6,313	3,173
Administrative expenses		(9,994)	(8,345)	(18,466)	(15,324)
Other expenses		(4,445)	(2,222)	(6,966)	(5,795)
Results from operating activities		36,427	58,368	95,047	100,030
Profit margin income from short-term investments and receivables		740	243	1,838	456
Finance cost		(19,345)	(17,049)	(39,372)	(33,547)
Net finance cost		(18,605)	(16,806)	(37,534)	(33,091)
Profit before tax	9	17,822	41,562	57,513	66,939
Tax expense	24	(8,101)	(8,978)	(20,973)	(14,774)
Profit for the quarter/ period		9,721	32,584	36,540	52,165
Other comprehensive (expense)/income, 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		(735)	(247)	(882)	147
Changes from post employment benefit		(5)	-	(5)	-
Other comprehensive (expense)/income, net of tax		(740)	(247)	(887)	147
Total comprehensive income for the quarter/ period		8,981	32,337	35,653	52,312



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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ON UNAUDITED QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (continued)

		UNAUDITED			
		3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
		RM'000	RM'000	RM'000	RM'000
	Note				
Profit attributable to:					
	Owners of the Company	9,763	26,567	31,354	41,533
	Non-controlling interests	(42)	6,017	5,186	10,632
Profit for the quarter/ period		9,721	32,584	36,540	52,165
Total comprehensive income attributable to:					
	Owners of the Company	9,079	26,329	30,533	41,670
	Non-controlling interests	(98)	6,008	5,120	10,642
Total comprehensive income for the quarter/ period		8,981	32,337	35,653	52,312
	Basic/ Diluted earnings per ordinary share (sen)	1.10	3.01	3.55	4.70
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
Assets			
Property, plant, and equipment		867,224	860,052
Right-of-use – property, plant and equipment		659,362	663,538
Plantation development expenditure	10	80,973	104,097
Forestry	11	21,587	21,587
Other investments		1,825	1,825
Deferred tax assets		39,873	40,046
Total non-current assets		1,670,844	1,691,145
Inventories		42,247	20,113
Current tax assets		707	1,041
Biological assets	12	25,001	32,432
Other investments		24,075	38,335
Trade and other receivables		55,291	37,046
Prepayments and other assets		7,510	4,523
Cash and cash equivalents		139,254	260,219
		294,085	393,709
Assets classified as held for sale	13	769,691	777,052
Total current assets		1,063,776	1,170,761
Total assets		2,734,620	2,861,906



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
Equity			
Capital and reserve		768,219	769,040
Accumulated losses		(88,632)	(119,986)
Equity attributable to owners of the Company		679,587	649,054
Non-controlling interests		303,635	295,832
Total equity		983,222	944,886
Liabilities			
Loans and borrowings	28	868,166	925,131
Lease liabilities		78,109	77,325
Employee benefits		444	455
Deferred tax liabilities		192,733	193,575
Trade and other payables		14,128	14,620
Total non-current liabilities		1,153,580	1,211,106
Loans and borrowings	28	332,000	446,564
Lease liabilities		2,703	2,648
Current tax liabilities		10,413	5,476
Trade and other payables		113,864	123,648
		458,980	578,336
Liabilities classified as held for sale	13	138,838	127,578
Total current liabilities		597,818	705,914
Total liabilities		1,751,398	1,917,020
Total equity and liabilities		2,734,620	2,861,906
Net assets per share (RM)		0.77	0.73



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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

Group	Note	Share capital RM'000	Other reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2021		862,752	(80,658)	(11,662)	770,432	(190,152)	580,280	269,813	850,093
Foreign currency translation differences for foreign operations		-	-	(1,392)	(1,392)	-	(1,392)	(105)	(1,497)
Total other comprehensive expense for the year		-	-	(1,392)	(1,392)	-	(1,392)	(105)	(1,497)
Profit for the year		-	-	-	-	70,166	70,166	31,403	101,569
Total comprehensive income for the year		-	-	(1,392)	(1,392)	70,166	68,774	31,298	100,072
<i>Contribution by and distribution to owners of the Group</i>									
Dividends to non-controlling interests		-	-	-	-	-	-	(5,279)	(5,279)
Total transactions with owners of the Company		-	-	-	-	-	-	(5,279)	(5,279)
At 31 December 2021		862,752	(80,658)	(13,054)	769,040	(119,986)	649,054	295,832	944,886



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (continued)

Group	Note	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/ Distributable				Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Other reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000				
At 1 January 2022		862,752	(80,658)	(13,054)	769,040	(119,986)	649,054	295,832	944,886
Foreign currency translation differences for foreign operations		-	-	(817)	(817)	-	(817)	(65)	(882)
Remeasurement loss on defined benefit liability		-	(4)	-	(4)	-	(4)	(1)	(5)
Total other comprehensive expense for the year		-	(4)	(817)	(821)	-	(821)	(66)	(887)
Profit for the year		-	-	-	-	31,354	31,354	5,186	36,540
Total comprehensive (expense)/income for the period		-	(4)	(817)	(821)	31,354	30,533	5,120	35,653
<i>Contribution by and distribution to owners of the Group</i>									
Increase in investment in subsidiary		-	-	-	-	-	-	2,683	2,683
Total transactions with owners of the Company		-	-	-	-	-	-	2,683	2,683
At 30 June 2022		862,752	(80,662)	(13,871)	768,219	(88,632)	679,587	303,635	983,222



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

	UNAUDITED 6 MONTHS ENDED	
	30.06.2022	30.06.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	57,513	66,939
Adjustment for non-cash items	77,618	36,482
Operating profit before changes in working capital	135,131	103,421
Net changes in working capital	(17,211)	(30,423)
Cash generated from operations	117,920	72,998
Profit margin income from short-term investments and other receivables	1,838	456
Finance cost	(39,372)	(33,547)
Tax paid	(19,452)	(14,458)
Zakat paid	(82)	-
Tax refund	42	2
Net cash generated from operating activities	60,894	25,451
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,414)	(4,310)
Plantation development expenditure	(5,523)	(8,195)
Dividend received	256	-
Decrease/ (increase) in other investment	14,260	(8,422)
Proceeds from disposal of property, plant and equipment	-	6
Net cash generated from/ (used in) investing activities	1,579	(20,921)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2022 (continued)

	UNAUDITED 6 MONTHS ENDED	
	30.06.2022 RM'000	30.06.2021 RM'000
Cash flows from financing activities		
(Decrease)/ Increase in amount due to holding corporation	(5,508)	252
(Decrease)/ Increase in amount due to related companies	(1,729)	61
Proceeds from the drawdown of loans and borrowings	58,345	300,000
Loan repayment	(231,067)	(15,000)
Payment of lease liabilities	(3,750)	(2,665)
Net cash (used in)/ generated from financing activities	(183,709)	282,648
Net (decrease)/ increase in cash and cash equivalents	(121,236)	287,178
Cash and cash equivalents at 1 January	260,946	84,982
Cash and cash equivalents at the end of the period	139,710	372,160

Cash and cash equivalents comprise:

	UNAUDITED 6 MONTHS ENDED	
	30.06.2022 RM'000	30.06.2021 RM'000
Deposits	161,476	367,711
Less: Other investments	(24,075)	(11,123)
Cash and bank balances	137,401	356,588
	2,309	15,572
	139,710	372,160
Assets classified as held for sale	(456)	(506)
	139,254	371,654

Note

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NOTES PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, *Interim Financial Reporting*, and appendix 9B (Part A) of the Listing Requirement of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

The audited financial statements of the Group for the financial year ended 31 December 2021 were prepared in accordance with MFRS, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia.

2. Significant accounting policies

The significant accounting policies adopted in this interim financial statement are consistent with those adopted in the annual audited financial statement for the financial year ended 31 December 2021, except the Group adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2022 as follows:

- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations-Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Example accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment-Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent- Assets-Onerous Contracts-Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

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

3. Auditors' report on preceding annual financial statements

The report of the auditor on the Group’s financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

4. Seasonal or cyclical factors

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

5. Unusual items

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



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6. Estimates

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

In preparing these condensed consolidated interim financial statements, certain judgements made by management in applying the Group's accounting policies and the key sources of estimation, were the same as those applied to the financial statements as at and for the year ended 31 December 2021.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

7. Changes in debt and equity securities

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

- Drawdown of RM58.35 million of Islamic Trade Financing-i at an effective profit margin rate of 2.30%;
- Repayment of RM100.0 million Sukuk Murabahah Medium Term Notes;
- Early redemption of RM47.58 million Commodity Murabahah Term Financing-i (USD);
- Repayment of RM11.25 million Commodity Murabahah Term Financing-i; and
- Repayment of RM72.82 million Islamic Trade Financing-i.

Apart from the above, there were no other issuances, cancellations, repurchases, or resale of debt and equity securities during the current quarter.

8. Dividends

For the current quarter, the Directors have declared a 1st interim single tier dividend of 1.5 sen per share in respect of the year ending 31 December 2022. The dividends will be paid on 11 October 2022 to shareholders registered in the Register of Members at the close of business on 12 September 2022.

9. Profit before tax

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

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Realised foreign exchange loss	54	491	62	542
Unrealised foreign exchange gain	1,928	456	1,774	-
Depreciation	(24,819)	(14,336)	(42,489)	(23,691)
Amortisation	(4,418)	(3,398)	(7,434)	(5,968)
Unrealised foreign exchange loss	-	-	-	(1,512)



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10. Plantation development expenditure

Cost

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

30.06.2022	31.12.2021
RM'000	RM'000
167,804	197,974
5,518	23,616
-	2,392
(29,199)	(57,109)
557	931
144,680	167,804

Accumulated impairment loss

At 1 January
Transfer to property, plant, and equipment

63,707	68,836
-	(5,129)
63,707	63,707

Carrying amount

At 30 June/ December

80,973	104,097
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11. Forestry

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

30.06.2022	31.12.2021
RM'000	RM'000
21,587	14,098
7,540	13,079
(7,540)	(13,079)
-	7,489
21,587	21,587

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

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



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12. Biological assets

	30.06.2022	31.12.2021
	RM'000	RM'000
At 1 January	32,432	41,664
Change in fair value recognised to profit or loss	(7,433)	(9,234)
	24,999	32,430
Effect of movement in exchange rate	2	2
	25,001	32,432

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

	30.06.2022	31.12.2021
	RM'000	RM'000
Biological asset	(7,433)	(9,234)
Biological asset classified as asset held for sale	(2,263)	(4,824)
	(9,696)	(14,058)

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

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

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



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13. Group assets held for sale

Investment in TH PELITA Meludam Sdn. Bhd. (“THPMel”), investment in TH PELITA Beladin Sdn Bhd (“THPBel”), investment in TH PELITA Simunjan Sdn Bhd. (“THPSim”), investment in TH PELITA Gedong Sdn. Bhd. (“THPGed”) and investment in TH PELITA Sadong Sdn. Bhd. (“THPSad”) are presented as assets held for sale. Efforts to sell have commenced, and sale is expected to be completed within twelve (12) months.

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

Group

Assets classified as held for sale

		30.06.2022
		RM'000
Property, plant, and equipment (“PPE”)	a	509,864
Right-of-use – PPE	b	198,979
Plantation development expenditure (“PDE”)		6,934
Deferred tax assets		18,576
Biological assets		6,869
Inventories		15,167
Current tax assets		1,049
Trade and other receivables		11,746
Prepayment and other assets		51
Cash and cash equivalents		456
		769,691

Liabilities classified as held for sale

	30.06.2022
	RM'000
Lease liabilities	34,761
Deferred tax liability	77,488
Payables and accruals	25,462
Current tax payable	1,127
	138,838

Note

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

	30.06.2022
	RM'000
Cost	722,496
Accumulated depreciation	(212,632)
	509,864

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

	30.06.2022
	RM'000
Cost	293,145
Accumulated depreciation	(94,166)
	198,979



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14. Operating segments

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

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



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14. Operating segments (continued)

The Group's segmental reporting for the financial period ended 30 June 2021 is as follows:

	Oil palm Plantation	Forestry	Total	Elimination	Total
	RM'000	RM'000	RM'000		
Segment profit	148,997	(1,362)	147,635	(80,696)	66,939
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	307,391	-	307,391	-	307,391
Change in fair value of biological assets	25,980	-	25,980	-	25,980
<i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i>					
Depreciation and amortisation	(29,399)	(260)	(29,659)	-	(29,659)
Finance costs	(63,786)	(6,127)	(69,913)	36,366	(33,547)
Profit margin income from short term investments and receivables	34,561	12	34,573	(34,117)	456
Segments assets	4,578,701	33,587	4,612,288	(1,617,235)	2,995,053
Additions to non-current assets other than financial instrument and deferred tax assets	18,518	6,758	25,276	-	25,276



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15. Valuation of property, plant and equipment

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

16. Material event subsequent to the balance sheet date

On 17 June 2022, TH Plantations Berhad (“THPB”) has completed the lodgement of the Sukuk Wakalah Programme of up to RM1.08 billion with the Securities Commission Malaysia pursuant to SC guidelines on Unlisted Capital market Products under the Lodge and Launch Framework (“LOLA Guidelines”). Subsequently, on 8 July 2022, The Group has issued RM300.0 million in nominal value of perpetual Sukuk Wakalah at a profit margin rate of 5.98% per annum.

17. Contingent liabilities

The Directors are of the opinion that the Group has no contingent liabilities which may have a material impact on the financial position and business of the Group as at 23 August 2022.

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

Approved but not contracted for

30.06.2022
RM'000
76,580

19. Related party transactions

Transacting Parties	Relationship	Nature of transactions	For the period ended 30.06.2022 RM'000
Transactions with THP Lembaga Tabung Haji	Holding Corporation	Lease of land	1,464

Save as the above, there are no other material related party transactions.



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NOTES PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

20. Review of financial performance

Quarter 2, 2022 vs Quarter 2, 2021

	3 MONTHS ENDED		VARIANCE	
	30.06.2022	30.06.2021		
	RM'000	RM'000	RM'000	%
Revenue	250,445	176,148	74,297	42.18
Fair value change on biological assets	(20,896)	11,086	(31,982)	(288.49)
Operating profit	45,911	67,096	(21,185)	(31.57)
Profit Before Interest and Tax ("PBIT")	36,427	58,368	(21,941)	(37.59)
Profit Before Tax ("PBT")	17,822	41,562	(23,740)	(57.12)
Profit After Tax ("PAT")	9,721	32,584	(22,863)	(70.17)
Profit attributable to owners of the Company ("PATAMI")	9,763	26,567	(16,804)	(63.25)

	3 MONTHS ENDED		VARIANCE	
	30.06.2022	30.06.2021		
	MT	MT	MT	%
Sales volume				
Crude Palm Oil ("CPO")	36,245	40,672	(4,427)	(10.88)
Palm Kernel ("PK")	8,572	9,511	(939)	(9.87)
Fresh Fruit Bunches ("FFB")	14,561	15,257	(696)	(4.56)

	3 MONTHS ENDED		VARIANCE	
	30.06.2022	30.06.2021		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
CPO	5,516	3,424	2,092	61.10
PK	3,649	2,503	1,146	45.79
FFB	1,322	857	465	54.26

For the second quarter ended 30 June 2022, the Group recorded RM250.45 million in revenue, an increase of 42.18% from RM176.15 million reported in the corresponding quarter ended 30 June 2021, primarily due to higher revenue from oil palm plantations on the back of a higher average realised prices for CPO, PK, and FFB.

The Group recorded a lower PBT of RM17.82 million, a decrease of 57.12% from RM41.56 million reported in the corresponding quarter ended 30 June 2021, mainly due to lower fair value change on biological assets.



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20. Review of financial performance (continued)

6 months ended 2022 vs 6 months ended 2021

	CUMULATIVE 6 MONTHS ENDED		VARIANCE	
	30.06.2022	30.06.2021		
	RM'000	RM'000	RM'000	%
Revenue	448,555	307,391	141,164	45.92
Fair value change on biological assets	(9,696)	25,980	(35,676)	(137.32)
Operating profit	114,166	117,976	(3,810)	(3.23)
Profit Before Interest and Tax ("PBIT")	95,047	100,030	(4,983)	(4.98)
Profit Before Tax ("PBT")	57,513	66,939	(9,426)	(14.08)
Profit After Tax ("PAT")	36,540	52,165	(15,625)	(29.95)
Profit attributable to owners of the Company ("PATAMI")	31,354	41,533	(10,179)	(24.51)

	CUMULATIVE 6 MONTHS ENDED		VARIANCE	
	30.06.2022	30.06.2021		
	MT	MT	MT	%
Sales volume				
Crude palm oil ("CPO")	63,092	66,739	(3,647)	(5.46)
Palm kernel ("PK")	15,086	15,573	(487)	(3.13)
Fresh Fruit Bunches ("FFB")	41,386	58,826	(17,440)	(29.65)

	CUMULATIVE 6 MONTHS ENDED		VARIANCE	
	30.06.2022	30.06.2021		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
Crude palm oil	5,346	3,369	1,977	58.68
Palm kernel	3,960	2,455	1,505	61.30
FFB	1,244	753	491	65.21

For the financial period ended 30 June 2022, the Group's recorded RM448.56 million in revenue, an increase of 45.92% from RM307.39 million reported in the preceding period, primarily due to higher revenue recorded from oil palm plantations on the back of higher average realised prices for CPO, PK, and FFB despite lower sales volume for CPO, PK, and FFB.

The Group recorded a lower PBT of RM57.51 million, a decrease of 14.08% from RM66.94 million in the preceding period, primarily attributed to lower fair value change on biological assets and higher cost of sales.



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

	2022	2022	VARIANCE	
	Quarter 2	Quarter 1	RM'000	%
Revenue	250,445	198,110	52,335	26.42
Fair value change on biological assets	(20,896)	11,200	(32,096)	(286.57)
Operating profit	45,911	68,255	(22,344)	(32.74)
Profit Before Interest and Tax ("PBIT")	36,427	58,620	(22,193)	(37.86)
Profit Before Tax ("PBT")	17,822	39,691	(21,869)	(55.10)
Profit After Tax ("PAT")	9,721	26,819	(17,098)	(63.75)
Profit attributable to owners of the Company ("PATAMI")	9,763	21,591	(11,828)	(54.78)

	2022	2022	VARIANCE	
	Quarter 2	Quarter 1	MT	%
Sales volume				
Crude palm oil	36,245	26,848	9,397	35.00
Palm kernel	8,572	6,514	2,058	31.59
FFB	14,561	26,824	(12,263)	(45.72)

	2022	2022	VARIANCE	
	Quarter 2	Quarter 1	RM/MT	%
Average realised prices				
Crude palm oil	5,516	5,118	398	7.78
Palm kernel	3,649	4,369	(720)	(16.48)
FFB	1,322	1,202	120	9.98

Quarter 2, 2022 vs Quarter 1, 2022

The Group's revenue increased by 26.42% to RM250.45 million compared to the preceding quarter mainly due to higher contribution from oil palm plantations due to higher sales volume for CPO and PK as well as higher average realised prices for CPO.

The Group has recorded a lower PBT by 55.10% compared to 1Q22 primarily attributable to lower fair value change on biological assets.



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22. Prospects

The COVID-19 pandemic and the Russia-Ukraine conflict continue to influence world commodities, the edible oil market prices, and global economic conditions. In July, the CPO prices fell by more than 40% following the steps taken by Indonesia to remove their export ban and sales tax. Overall production of CPO for the Malaysia palm oil industry remains low in 1H2022 compared to 1H2021, as the industry is facing a continuous labour shortage.

The palm oil product prices are expected to remain firm and supported throughout 2HFY2022, given Malaysia's overall low inventory level, steady demand, and tight global edible oils supplies.

The Group will continue to face challenges from an acute foreign labour shortage throughout 2022. As such, the Group is taking all possible steps to address the foreign labour shortage.

Barring any unforeseen circumstances, the Board of Directors anticipates a satisfactory financial performance for the financial year 2022.

23. Profit forecast or profit guarantee

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

24. Tax expense

	3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM000	RM000	RM000	RM000
Current tax expense	(13,242)	(6,054)	(23,834)	(10,694)
Deferred tax expense	5,141	(2,924)	2,861	(4,080)
	(8,101)	(8,978)	(20,973)	(14,774)

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

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

25. Unquoted investments and /or properties

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



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26. Quoted investments

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

27. Status of corporate proposals

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

28. Group borrowings

As at 30 June 2022, total borrowings are as follows:

	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
Non-current		
Secured		
Commodity Murahabah Term Financing-i	142,389	155,558
Commodity Murahabah Term Financing-i ("USD")	-	44,908
Unsecured		
SUKUK Murabahah	680,000	680,000
Medium Term Notes	45,777	44,665
Term Financing		
	868,166	925,131
Current		
Secured		
Commodity Murahabah Term Financing-i	32,000	30,000
Commodity Murahabah Term Financing-i ("USD")	-	2,088
Unsecured		
SUKUK Murabahah	300,000	400,000
Medium Term Notes	-	14,476
Islamic Trade Financing-i		
	332,000	446,564
	1,200,166	1,371,695



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28. Group borrowings (continued)

Maturity analysis

Tenure	SUKUK Murabahah Medium Term Notes	Other Financial Instruments	TOTAL
	RM'000	RM'000	RM'000
Under 1 year	300,000	15,000	315,000
1-2 years	215,000	68,000	283,000
3-5 years	465,000	91,389	556,389
More than 5 years	-	45,777	45,777
	980,000	220,166	1,200,166

29. Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at the date of this announcement.

30. Changes in material litigation

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

31. Earnings per share

		3 MONTHS ENDED		CUMULATIVE 6 MONTHS ENDED	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
Basic/ Diluted earnings per share					
Profit attributable to shareholders	RM'000	9,763	26,567	31,354	41,533
Weighted average number of ordinary shares in issue	000	883,851	883,851	883,851	883,851
Basic/ Diluted earnings per share	sen	1.10	3.01	3.55	4.70



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32. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 23 August 2022.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
23 August 2022