



TH Plantations Berhad

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

		UNAUDITED			
		3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
Note		RM'000	RM'000	RM'000	RM'000
	Revenue	213,392	205,866	661,947	513,257
	Fair value changes in biological assets	(7,237)	16,552	(16,933)	42,532
	Cost of sales	(164,366)	(133,047)	(489,059)	(348,442)
	Gross profit	41,789	89,371	155,955	207,347
	Other income	7,266	4,128	13,579	7,301
	Administrative expenses	(9,687)	(7,842)	(28,153)	(23,166)
	Other expenses	(2,325)	(6,282)	(9,291)	(12,077)
	Results from operating activities	37,043	79,375	132,090	179,405
	Profit margin income from short-term investments and receivables	778	1,311	2,616	1,767
	Finance cost	(13,940)	(20,991)	(53,312)	(54,538)
	Net finance cost	(13,162)	(19,680)	(50,696)	(52,771)
	Profit before tax	23,881	59,695	81,394	126,634
	Tax expense	(7,737)	(19,932)	(28,710)	(34,706)
	Profit for the quarter/ period	16,144	39,763	52,684	91,928
	Other comprehensive 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	(2,018)	(1,776)	(2,900)	(1,629)
	Changes from post employment benefit	-	-	(5)	-
	Other comprehensive expense, net of tax	(2,018)	(1,776)	(2,905)	(1,629)
	Total comprehensive income for the quarter/ period	14,126	37,987	49,779	90,299



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

		UNAUDITED			
		3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:	Note				
Owners of the Company		14,367	26,805	45,721	68,338
Non-controlling interests		1,777	12,958	6,963	23,590
Profit for the quarter/ period		16,144	39,763	52,684	91,928
Total comprehensive income attributable to:					
Owners of the Company		12,489	25,153	43,022	66,823
Non-controlling interests		1,637	12,834	6,757	23,476
Total comprehensive income for the quarter/ period		14,126	37,987	49,779	90,299
Basic/ Diluted earnings per ordinary share (sen)	31	1.13	3.03	4.68	7.73



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.09.2022	As at 31.12.2021
		RM'000	RM'000
Assets			
Property, plant, and equipment		855,316	860,052
Right-of-use – property, plant and equipment		656,516	663,538
Plantation development expenditure	10	88,634	104,097
Forestry	11	21,587	21,587
Other investments		1,825	1,825
Deferred tax assets		39,838	40,046
Total non-current assets		1,663,716	1,691,145
Inventories		44,997	20,113
Current tax assets		2,530	1,041
Biological assets	12	19,542	32,432
Other investments		14,849	38,335
Trade and other receivables		32,150	37,046
Prepayments and other assets		7,770	4,523
Cash and cash equivalents		160,112	260,219
		281,950	393,709
Assets classified as held for sale	13	749,045	777,052
Total current assets		1,030,995	1,170,761
Total assets		2,694,711	2,861,906



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Equity			
Capital and reserve		766,341	769,040
Accumulated losses		(91,890)	(119,986)
Equity attributable to owners of the Company		674,451	649,054
Perpetual Sukuk		300,000	-
Non-controlling interests		296,159	295,832
Total equity		1,270,610	944,886
Liabilities			
Loans and borrowings	28	861,262	925,131
Lease liabilities		78,914	77,325
Employee benefits		456	455
Deferred tax liabilities		191,947	193,575
Trade and other payables		14,749	14,620
Total non-current liabilities		1,147,328	1,211,106
Loans and borrowings	28	32,000	446,564
Lease liabilities		2,703	2,648
Current tax liabilities		981	5,476
Trade and other payables		111,782	123,648
		147,466	578,336
Liabilities classified as held for sale	13	129,307	127,578
Total current liabilities		276,773	705,914
Total liabilities		1,424,101	1,917,020
Total equity and liabilities		2,694,711	2,861,906
Net assets per share (RM)		0.76	0.73



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Group	/-----Attributable to owners of the Company-----/								
	/-----Non-distributable-----/			Distributable					
	Share capital RM'000	Other reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Accumulated losses RM'000	Total RM'000	Perpetual sukuk 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 THIRD QUARTER ENDED 30 SEPTEMBER 2022 (continued)

Group	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/ Distributable					Total RM'000	Perpetual sukuk 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	Accumulated losses 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	-	-	(2,695)	(2,695)	-	(2,695)	-	(205)	(2,900)
Remeasurement loss on defined benefit liability	-	(4)	-	(4)	-	(4)	-	(1)	(5)
Total other comprehensive expense for the year	-	(4)	(2,695)	(2,699)	-	(2,699)	-	(206)	(2,905)
Profit for the year	-	-	-	-	45,721	45,721	-	6,963	52,684
Total comprehensive (expense)/income for the period	-	(4)	(2,695)	(2,699)	45,721	43,022	-	6,757	49,779
<i>Contribution by and distribution to owners of the Group</i>									
Increase in investment in subsidiary	-	-	-	-	-	-	-	2,683	2,683
Issuance of perpetual Sukuk	-	-	-	-	-	-	300,000	-	300,000
Profit margin on perpetual Sukuk	-	-	-	-	(4,367)	(4,367)	-	-	(4,367)
Dividends to owners of the Company	-	-	-	-	(13,258)	(13,258)	-	-	(13,258)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(9,113)	(9,113)
Total transactions with owners of the Company	-	-	-	-	(17,625)	(17,625)	300,000	(6,430)	275,945
At 30 September 2022	862,752	(80,662)	(15,749)	766,341	(91,890)	674,451	300,000	296,159	1,270,610



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

	UNAUDITED 9 MONTHS ENDED	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	81,394	126,634
Adjustment for non-cash items	115,205	61,110
Operating profit before changes in working capital	196,599	187,744
Net changes in working capital	(20)	(51,330)
Cash generated from operations	196,579	136,414
Profit margin income from short-term investments and other receivables	2,616	1,767
Finance cost	(53,312)	(54,538)
Tax paid	(43,427)	(24,468)
Zakat paid	(82)	(570)
Tax refund	42	2
Net cash generated from operating activities	102,416	58,607
Cash flows from investing activities		
Acquisition of property, plant and equipment	(13,157)	(7,636)
Plantation development expenditure	(12,035)	(12,972)
Dividend received	256	-
Decrease/ (increase) in other investment	23,486	(67)
Proceeds from disposal of property, plant and equipment	128	6
Net cash used in investing activities	(1,322)	(20,669)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 (continued)

	UNAUDITED 9 MONTHS ENDED	
	30.09.2022 RM'000	30.09.2021 RM'000
Cash flows from financing activities		
Decrease in amount due to holding corporation	(5,879)	(3,364)
(Decrease)/ Increase in amount due to related companies	(1,729)	92
Proceeds from the drawdown of loans and borrowings	58,345	300,000
Issuance of perpetual Sukuk	300,000	-
Loan repayment	(538,567)	(97,500)
Dividends paid to non-controlling interests	(9,113)	(5,279)
Payment of lease liabilities	(4,507)	(2,694)
Net cash (used in)/ generated from financing activities	(201,450)	191,255
Net (decrease)/ increase in cash and cash equivalents	(100,356)	229,193
Cash and cash equivalents at 1 January	260,946	84,982
Cash and cash equivalents at the end of the period	160,590	314,175

Cash and cash equivalents comprise:

	UNAUDITED 9 MONTHS ENDED	
	30.09.2022 RM'000	30.09.2021 RM'000
Deposits	158,026	297,912
Less: Other investments	(14,849)	(2,769)
Cash and bank balances	143,177	295,143
	17,413	19,032
	160,590	314,175
Assets classified as held for sale	(478)	(486)
	160,112	313,689

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 RM400.0 million Sukuk Murabahah Medium Term Notes;
- Early redemption of RM47.00 million Commodity Murabahah Term Financing-i (USD);
- Repayment of RM18.75 million Commodity Murabahah Term Financing-i; and
- Repayment of RM72.82 million Islamic Trade Financing-i.
- Issuance of RM300.0 million in nominal value of perpetual Sukuk Wakalah at a profit margin rate of 5.98% per annum.

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

8. Dividends

There were no dividends declared nor paid during the current quarter ended 30 September 2022.

9. Profit before tax

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

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Realised foreign exchange gain/ (loss)	43	(19)	105	523
Depreciation	(29,048)	(15,263)	(71,537)	(38,954)
Amortisation	(5,397)	(2,358)	(12,831)	(8,325)
Unrealised foreign exchange gain	4,808	2,927	6,582	1,415
Impairment loss on plantation development expenditure	-	(5,096)	-	(5,236)



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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

30.09.2022	31.12.2021
RM'000	RM'000
167,804	197,974
12,035	23,616
-	2,392
(29,199)	(57,109)
1,701	931
152,341	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 September/ December

88,634	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

30.09.2022	31.12.2021
RM'000	RM'000
21,587	14,098
10,952	13,079
(10,952)	(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

	30.09.2022	31.12.2021
	RM'000	RM'000
At 1 January	32,432	41,664
Change in fair value recognised to profit or loss	(12,897)	(9,234)
Effect of movement in exchange rate	19,535	32,430
	7	2
	19,542	32,432

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

	30.09.2022	31.12.2021
	RM'000	RM'000
Biological asset	(12,897)	(9,234)
Biological asset classified as asset held for sale	(4,036)	(4,824)
	(16,933)	(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

		30.09.2022
		RM'000
Property, plant, and equipment (“PPE”)	a	500,626
Right-of-use – PPE	b	196,488
Plantation development expenditure (“PDE”)		7,102
Deferred tax assets		19,969
Biological assets		5,097
Inventories		10,918
Current tax assets		2,097
Trade and other receivables		6,195
Prepayment and other assets		75
Cash and cash equivalents		478
		749,045

Liabilities classified as held for sale

	30.09.2022
	RM'000
Lease liabilities	35,478
Deferred tax liability	76,103
Payables and accruals	17,464
Current tax payable	262
	129,307

Note

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

	30.09.2022
	RM'000
Cost	722,218
Accumulated depreciation	(221,592)
	500,626

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

	30.09.2022
	RM'000
Cost	293,145
Accumulated depreciation	(96,657)
	196,488



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14. Operating segments

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

	Oil palm Plantation	Forestry	Total	Elimination	Total
	RM'000	RM'000	RM'000		
Segment profit	241,384	(1,649)	239,735	(158,341)	81,394
<i>Included in the measure of segment profit/ (loss) are:</i>					
Revenue from external customers	661,947	-	661,947	-	661,947
Change in fair value of biological assets	(16,933)	-	(16,933)	-	(16,933)
<i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i>					
Depreciation and amortisation	(83,392)	(388)	(83,780)	-	(83,780)
Finance costs	(103,693)	(10,566)	(114,259)	60,947	(53,312)
Profit margin income from short term investments and receivables	59,220	4	59,224	(56,608)	2,616
Segments assets	1,372,662	2,001	1,374,663	1,320,048	2,694,711
Additions to non-current assets other than financial instrument and deferred tax assets	25,669	10,952	36,621	-	36,621



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14. Operating segments (continued)

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

	Oil palm Plantation	Forestry	Total	Elimination	Total
	RM'000	RM'000	RM'000		
Segment profit	258,663	(1,881)	256,782	(130,148)	126,634
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	513,257	-	513,257	-	513,257
Change in fair value of biological assets	42,532	-	42,532	-	42,532
<i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i>					
Depreciation and amortisation	(46,937)	(342)	(47,279)	-	(47,279)
Finance costs	(101,072)	(9,062)	(110,134)	55,596	(54,538)
Profit margin income from short term investments and receivables	54,929	12	54,941	(53,174)	1,767
Segments assets	4,301,283	28,541	4,329,824	(1,395,921)	2,933,903
Additions to non-current assets other than financial instrument and deferred tax assets	26,737	9,799	36,536	-	36,536



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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 3 October 2022, The Group has issued RM650.0 million in nominal value of senior Sukuk Wakalah under the Sukuk Wakalah Programme.

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 10 November 2022.

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

Approved and contracted for
Approved but not contracted for

30.09.2022
RM'000
724
47,439
48,163

19. Related party transactions

Transacting Parties	Relationship	Nature of transactions	For the period ended 30.09.2022 RM'000
Transactions with THP Lembaga Tabung Haji	Holding Corporation	Lease of land	2,196

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 3, 2022 vs Quarter 3, 2021

	3 MONTHS ENDED		VARIANCE	
	30.09.2022	30.09.2021		
	RM'000	RM'000	RM'000	%
Revenue	213,392	205,866	7,526	3.66
Fair value change on biological assets	(7,237)	16,552	(23,789)	(143.72)
Operating profit	41,789	89,371	(47,582)	(53.24)
Profit Before Interest and Tax ("PBIT")	37,043	79,375	(42,332)	(53.33)
Profit Before Tax ("PBT")	23,881	59,695	(35,814)	(59.99)
Profit After Tax ("PAT")	16,144	39,763	(23,619)	(59.40)
Profit attributable to owners of the Company ("PATAMI")	14,367	26,805	(12,438)	(46.40)

	3 MONTHS ENDED		VARIANCE	
	30.09.2022	30.09.2021		
	MT	MT	MT	%
Sales volume				
Crude Palm Oil ("CPO")	43,112	44,711	(1,599)	(3.58)
Palm Kernel ("PK")	11,196	11,078	118	1.07
Fresh Fruit Bunches ("FFB")	18,698	17,456	1,242	7.12

	3 MONTHS ENDED		VARIANCE	
	30.09.2022	30.09.2021		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
CPO	3,997	3,640	357	9.81
PK	2,356	2,453	(97)	(3.95)
FFB	786	912	(126)	(13.82)

For the third quarter ended 30 September 2022, the Group recorded RM213.39 million in revenue, an increase of 3.66% from RM205.87 million reported in the corresponding quarter ended 30 September 2021, primarily due to higher revenue from oil palm plantations on the back of a higher average realised prices for CPO.

The Group recorded a lower PBT of RM23.88 million, a decrease of 59.99% from RM59.70 million reported in the corresponding quarter ended 30 September 2021, as a result of lower fair value change on biological assets.



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20. Review of financial performance (continued)

9 months ended 2022 vs 9 months ended 2021

	CUMULATIVE 9 MONTHS ENDED		VARIANCE	
	30.09.2022	30.09.2021		
	RM'000	RM'000	RM'000	%
Revenue	661,947	513,257	148,690	28.97
Fair value change on biological assets	(16,933)	42,532	(59,465)	(139.81)
Operating profit	155,955	207,347	(51,392)	(24.79)
Profit Before Interest and Tax ("PBIT")	132,090	179,405	(47,315)	(26.37)
Profit Before Tax ("PBT")	81,394	126,634	(45,240)	(35.73)
Profit After Tax ("PAT")	52,684	91,928	(39,244)	(42.69)
Profit attributable to owners of the Company ("PATAMI")	45,721	68,338	(22,617)	(33.10)

	CUMULATIVE 9 MONTHS ENDED		VARIANCE	
	30.09.2022	30.09.2021		
	MT	MT	MT	%
Sales volume				
Crude palm oil ("CPO")	106,205	111,450	(5,245)	(4.71)
Palm kernel ("PK")	26,282	26,651	(369)	(1.38)
Fresh Fruit Bunches ("FFB")	60,084	76,282	(16,198)	(21.23)

	CUMULATIVE 9 MONTHS ENDED		VARIANCE	
	30.09.2022	30.09.2021		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
Crude palm oil	4,799	3,478	1,321	37.98
Palm kernel	3,277	2,454	823	33.54
FFB	1,102	790	312	39.49

For the financial period ended 30 September 2022, the Group's recorded RM661.95 million in revenue, an increase of 28.97% from RM513.26 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 RM81.39 million, a decrease of 35.73% from RM126.63 million in the preceding period, as the result of lower fair value change on biological assets and higher cost of sales. The Group result for the quarter ended 30 September 2022, excluding the impact of the fair value of biological asset, has shown an improvement of 17% from RM84.10 million reported in the preceding period to RM98.33 million.



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

	2022	2022	VARIANCE	
	Quarter 3	Quarter 2	RM'000	%
Revenue	213,392	250,445	(37,053)	(14.79)
Fair value change on biological assets	(7,237)	(20,896)	13,659	(65.37)
Operating profit	41,789	45,911	(4,122)	(8.98)
Profit Before Interest and Tax ("PBIT")	37,043	36,427	616	1.69
Profit Before Tax ("PBT")	23,881	17,822	6,059	34.00
Profit After Tax ("PAT")	16,144	9,721	6,423	66.07
Profit attributable to owners of the Company ("PATAMI")	14,367	9,763	4,604	47.16

	2022	2022	VARIANCE	
	Quarter 3	Quarter 2	MT	%
Sales volume				
Crude palm oil	43,112	36,245	6,867	18.95
Palm kernel	11,196	8,572	2,624	30.61
FFB	18,698	14,561	4,137	28.41

	2022	2022	VARIANCE	
	Quarter 3	Quarter 2	RM/MT	%
Average realised prices				
Crude palm oil	3,997	5,516	(1,519)	(27.54)
Palm kernel	2,356	3,649	(1,293)	(35.43)
FFB	786	1,322	(536)	(40.54)

Quarter 3, 2022 vs Quarter 2, 2022

The Group's revenue decreased by 14.79% to RM213.39 million compared to the preceding quarter mainly due to lower average realised prices for CPO, PK and FFB despite higher sales volume for CPO, PK and FFB.

The Group has recorded a higher PBT by 34.00% compared to 2Q22 primarily attributable to higher fair value change on biological assets.



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22. Prospects

The pandemic and the Russia-Ukraine conflict continue to influence world commodities, economic conditions, and inflation. In the third quarter of 2022, the average CPO prices fell close to 40% compared to the second quarter due to the removal of export ban as well as sales tax by Indonesia, high production season and higher closing stocks.

The palm oil product prices are expected to remain volatile throughout the 4th Quarter 2022 in anticipation of the higher year end palm oil stocks, weather uncertainty and palm oil approaching low production season. Operating cost for plantation companies continue to rise due to weakening of Ringgit, implementation of higher new minimum wages, higher fertiliser cost and effects of inflation.

The Group has taken all possible steps to address its foreign labour shortage and is expected to ease in the fourth quarter. The Group has also step-up its mechanisation efforts in all its estates where possible with the aim to improve the Group operation efficiency.

The on-going challenging operating environment and higher operating cost drives the Group to innovate internally whilst continuing its efforts on sustainability, good agronomic practises, operational efficiency and effective cost management.

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 9 MONTHS ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM000	RM000	RM000	RM000
Current tax expense	(11,031)	(11,557)	(34,865)	(22,251)
Deferred tax expense	3,294	(8,375)	6,155	(12,455)
	(7,737)	(19,932)	(28,710)	(34,706)

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.



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25. Unquoted investments and /or properties

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

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 September 2022, total borrowings are as follows:

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Non-current		
Secured		
Commodity Murahabah Term Financing-i	134,930	155,558
Commodity Murahabah Term Financing-i ("USD")	-	44,908
Unsecured		
SUKUK Murabahah		
Medium Term Notes	680,000	680,000
Term Financing	46,332	44,665
	861,262	925,131
Current		
Secured		
Commodity Murahabah Term Financing-i	32,000	30,000
Commodity Murahabah Term Financing-i ("USD")	-	2,088
Unsecured		
SUKUK Murabahah		
Medium Term Notes	-	400,000
Islamic Trade Financing-i	-	14,476
	32,000	446,564
	893,262	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	-	32,000	32,000
1-2 years	-	43,500	43,500
3-5 years	60,000	91,430	151,430
More than 5 years	620,000	46,332	666,332
	680,000	213,262	893,262

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 9 MONTHS ENDED	
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
Basic/ Diluted earnings per share					
Profit attributable to shareholders	RM'000	14,367	26,805	45,721	68,338
Profit margin on perpetual sukuk	RM'000	(4,367)	-	(4,367)	-
	RM'000	10,000	26,805	41,354	68,338
Weighted average number of ordinary shares in issue	000	883,851	883,851	883,851	883,851
Basic/ Diluted earnings per share	sen	1.13	3.03	4.68	7.73



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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 10 November 2022.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
10 November 2022