



TH Plantations Berhad

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

The Directors is pleased to announce the unaudited consolidated results for the third quarter ended 30 September 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | UNAUDITED | | | |
|------|--|---------------|--------------------------|--------------------|--------------------------|
| | | THIRD QUARTER | | CUMULATIVE QUARTER | |
| | | CURRENT YEAR | PRECEDING YEAR | CURRENT YEAR | PRECEDING YEAR |
| | | 30.09.2018 | 30.09.2017 (Restated) | 30.09.2018 | 30.09.2017 (Restated) |
| Note | | RM'000 | RM'000 | RM'000 | RM'000 |
| | Revenue | 140,909 | 189,312 | 400,702 | 510,274 |
| | Fair value change in biological assets | (8,504) | (4,414) | 3,901 | 5,796 |
| | Fair value change in forestry | - | 10,000 | - | 10,000 |
| | Cost of sales | (126,186) | (137,169) | (336,294) | (369,392) |
| | Gross profit | 6,219 | 57,729 | 68,309 | 156,678 |
| | Other income | 132 | 1,727 | 4,415 | 15,009 |
| | Administrative expenses | (13,219) | (13,767) | (38,088) | (39,763) |
| | Other expenses | (1,396) | (4,079) | (3,195) | (7,801) |
| | Results from operating activities | (8,264) | 41,610 | 31,441 | 124,123 |
| | Profit margin income from short-term investments and receivables | 162 | 532 | 758 | 3,070 |
| | Finance cost | (15,568) | (16,725) | (46,265) | (48,582) |
| | Net finance cost | (15,406) | (16,193) | (45,507) | (45,512) |
| | Profit/ (loss) before tax | (23,670) | 25,417 | (14,066) | 78,611 |
| | Tax expense | 1,148 | (7,518) | (339) | (16,473) |
| | Profit/ (loss) for the period | (22,522) | 17,899 | (14,405) | 62,138 |
| | 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 | (1,529) | (2,507) | (6,896) | (5,505) |
| | Total comprehensive income/ (expense) for the period | (24,051) | 15,392 | (21,301) | 56,633 |



TH Plantations Berhad

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

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 |
| | | 30.09.2018 | 30.09.2017 (Restated) | 30.09.2018 | 30.09.2017 (Restated) |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/ (Loss) attributable to: | Note | | | | |
| Owners of the Company | | (19,803) | 15,003 | (16,371) | 50,681 |
| Non-controlling interests | | (2,719) | 2,896 | 1,966 | 11,457 |
| Profit/ (loss) for the period | | (22,522) | 17,899 | (14,405) | 62,138 |
| Total comprehensive income/ (expense) attributable to: | | | | | |
| Owners of the Company | | (21,225) | 13,112 | (22,784) | 45,562 |
| Non-controlling interests | | (2,826) | 2,280 | 1,483 | 11,071 |
| Total comprehensive income/ (expense) for the period | | (24,051) | 15,392 | (21,301) | 56,633 |
| Basic earnings per ordinary share (sen) | 39 | (2.24) | 1.70 | (1.85) | 5.73 |
| Diluted earnings per ordinary share (sen) | 39 | (2.24) | 1.70 | (1.85) | 5.73 |

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.



TH Plantations Berhad

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 30.09.2018 (Unaudited) | As at 31.12.2017 (Unaudited) (Restated) | As at 01.01.2017 (Unaudited) (Restated) |
|---------------------------------------|------|------------------------------------|--|--|
| | | RM'000 | RM'000 | RM'000 |
| Assets | | | | |
| Property, plant and equipment | 35 | 2,631,104 | 2,610,337 | 2,614,875 |
| Plantation development expenditure | 13 | 296,259 | 318,423 | 326,445 |
| Forestry | 14 | 187,240 | 187,956 | 162,470 |
| Intangible asset | 15 | 73,265 | 73,265 | 73,265 |
| Other investments | 16 | 1,825 | 1,825 | 1,825 |
| Deferred tax assets | | 109,302 | 110,606 | 111,028 |
| Total non-current assets | | 3,298,995 | 3,302,412 | 3,289,908 |
| Inventories | | 21,683 | 20,124 | 17,045 |
| Current tax assets | | 10,543 | 8,603 | 5,366 |
| Biological assets | 17 | 56,006 | 52,105 | 77,794 |
| Other investments | 16 | 3,310 | 3,288 | 3,520 |
| Trade and other receivables | | 67,053 | 41,952 | 118,475 |
| Prepayments and other assets | | 7,077 | 4,620 | 4,289 |
| Cash and cash equivalents | 18 | 62,391 | 99,175 | 163,771 |
| | | 228,063 | 229,867 | 390,260 |
| Assets classified as held for sale | 19 | 29,795 | 30,142 | - |
| Total current assets | | 257,858 | 260,009 | 390,260 |
| Total assets | | 3,556,853 | 3,562,421 | 3,680,168 |



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

| | Note | As at 30.09.2018 (Unaudited) | As at 31.12.2017 (Unaudited) (Restated) | As at 01.01.2017 (Unaudited) (Restated) |
|---|------|------------------------------------|--|--|
| | | RM'000 | RM'000 | RM'000 |
| Equity | | | | |
| Capital and reserve | | 848,327 | 773,954 | 782,408 |
| Retained earnings | | 519,805 | 634,639 | 679,403 |
| Equity attributable to owners of the Company | | 1,368,132 | 1,408,593 | 1,461,811 |
| Non-controlling interests | | 369,130 | 367,647 | 364,807 |
| Total equity | | 1,737,262 | 1,776,240 | 1,826,618 |
| Liabilities | | | | |
| Loans and borrowings | 36 | 1,209,379 | 1,196,183 | 1,175,374 |
| Employee benefits | | 250 | 269 | - |
| Deferred tax liabilities | | 321,693 | 335,474 | 343,715 |
| Trade and other payables | | 39,386 | 48,318 | 13,656 |
| Total non-current liabilities | | 1,570,708 | 1,580,244 | 1,532,745 |
| Loans and borrowings | 36 | 57,565 | 47,857 | 113,151 |
| Trade and other payables | | 175,061 | 138,138 | 205,446 |
| Current tax liabilities | | 736 | 4,005 | 2,208 |
| | | 233,362 | 190,000 | 320,805 |
| Liabilities classified as held for sale | 19 | 15,521 | 15,937 | - |
| Total current liabilities | | 248,883 | 205,937 | 320,805 |
| Total liabilities | | 1,819,591 | 1,786,181 | 1,853,550 |
| Total equity and liabilities | | 3,556,853 | 3,562,421 | 3,680,168 |
| Net tangible assets per share (RM) | | 1.47 | 1.51 | 1.57 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 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 2018

| | /-----Attributable to owners of the Company-----/ | | | | | | | | Non-controlling interest | Total equity |
|---|---|---------------|---------------|----------------------|------------------|-----------------------|-------------------|-----------|--------------------------|--------------|
| | /-----Non-distributable-----/ | | | Distributable | | | | | | |
| | Share capital | Share premium | Other reserve | Share Option reserve | Exchange reserve | Total capital reserve | Retained earnings | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2017 | 441,925 | 420,827 | (82,557) | 2,213 | (533) | 781,875 | 634,486 | 1,416,361 | 351,134 | 1,767,495 |
| Effect of transition to MFRS | - | - | - | - | 533 | 533 | (533) | - | - | - |
| Effect of adopting MFRS 141 | - | - | - | - | - | - | 45,450 | 45,450 | 13,673 | 59,123 |
| At 1 January 2017 (Restated) | 441,925 | 420,827 | (82,557) | 2,213 | - | 782,408 | 679,403 | 1,461,811 | 364,807 | 1,826,618 |
| Foreign currency translation differences for foreign operations | - | - | - | - | (8,012) | (8,012) | - | (8,012) | (602) | (8,614) |
| Remeasurement loss on defined benefit liability | - | - | (28) | - | - | (28) | - | (28) | (2) | (30) |
| Total other comprehensive income for the year | - | - | (28) | - | (8,012) | (8,040) | - | (8,040) | (604) | (8,644) |
| Profit for the year (Restated) | - | - | - | - | - | - | 22,409 | 22,409 | 8,821 | 31,230 |
| Total comprehensive income for the year | - | - | (28) | - | (8,012) | (8,040) | 22,409 | 14,369 | 8,217 | 22,586 |
| <i>Contribution by and distribution to owners of the Group</i> | | | | | | | | | | |
| Adjustment of fair value of ESOS | - | - | - | (2,213) | - | (2,213) | - | (2,213) | - | (2,213) |
| Fair Value adjustment on initial recognition of financial liabilities | - | - | 1,799 | - | - | 1,799 | - | 1,799 | - | 1,799 |
| Dividends to owners of the Company | - | - | - | - | - | - | (67,173) | (67,173) | - | (67,173) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | (5,377) | (5,377) |
| Total transactions with owners of the Group | - | - | 1,799 | (2,213) | - | (414) | (67,173) | (67,587) | (5,377) | (72,964) |
| Transition to no-par value regime on 31 January 2017 | 420,827 | (420,827) | - | - | - | - | - | - | - | - |
| At 31 December 2017 | 862,752 | - | (80,786) | - | (8,012) | 773,954 | 634,639 | 1,408,593 | 367,647 | 1,776,240 |



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

(continued)

| Group | Note | /-----Attributable to owners of the Company-----/ | | | | | | | | Non-controlling interest | Total equity |
|---|------|---|---------------|---------------|----------------------|------------------|-----------------------|-------------------|-----------|--------------------------|--------------|
| | | /-----Non-distributable-----/ | | | Distributable | | | Total | | | |
| | | Share capital | Share premium | Other reserve | Share Option reserve | Exchange reserve | Total capital reserve | Retained earnings | Total | RM'000 | RM'000 |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 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 | | - | - | - | - | (6,413) | (6,413) | - | (6,413) | (483) | (6,896) |
| Total other comprehensive income for the year | | - | - | - | - | (6,413) | (6,413) | - | (6,413) | (483) | (6,896) |
| Loss for the year | | - | - | - | - | - | - | (16,371) | (16,371) | 1,966 | (14,405) |
| Total comprehensive income for the year | | - | - | - | - | (6,413) | (6,413) | (16,371) | (22,784) | 1,483 | (21,301) |
| <i>Contribution by and distribution to owners of the Group</i> | | | | | | | | | | | |
| Transfer between reserves | | - | - | 80,786 | - | - | 80,786 | (80,786) | - | - | - |
| Dividends to owners of the Company | | - | - | - | - | - | - | (17,677) | (17,677) | - | (17,677) |
| Dividends to non-controlling interests | | - | - | - | - | - | - | - | - | - | - |
| Total transactions with owners of the Group | | - | - | 80,786 | - | - | 80,786 | (98,463) | (17,677) | - | (17,677) |
| At 30 September 2018 | | 862,752 | - | - | - | (14,425) | 848,327 | 519,805 | 1,368,132 | 369,130 | 1,737,262 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.



TH Plantations Berhad

(Company No. 12696-M)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

| | FOR THE THIRD QUARTER ENDED | |
|--|------------------------------------|-------------------|
| | 30.09.2018 | 30.09.2017 |
| | | (Restated) |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit/(loss) before tax | (14,066) | 78,611 |
| Adjustment for non-cash items | 105,434 | 100,402 |
| Operating profit before changes in working capital | 91,368 | 179,013 |
| Net changes in working capital | (5,772) | (28,303) |
| Cash generated from operations | 85,596 | 150,710 |
| Profit margin income from short-term investments and other receivables | 758 | 3,070 |
| Finance cost | (51,834) | (50,771) |
| Tax paid | (22,185) | (19,073) |
| Tax refund | 1,459 | 395 |
| Net cash generated from operating activities | 13,794 | 84,331 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (16,803) | (25,105) |
| Increase in other investment | (22) | (9,321) |
| Plantation development expenditure | (39,922) | (44,896) |
| Forestry | - | (3,445) |
| Proceeds from disposal of property, plant and equipment | 69 | 4 |
| Net cash used in investing activities | (56,678) | (82,763) |



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018 (continued)

| | FOR THE THIRD QUARTER ENDED | |
|---|-----------------------------|--------------------------|
| | 30.09.2018 | 30.09.2017 (Restated) |
| | RM'000 | RM'000 |
| Cash flows from financing activities | | |
| Dividends paid to owners of the Company | (18,146) | (59,506) |
| Proceeds from drawdown of loans and borrowings | 43,253 | 240,808 |
| Proceeds from drawdown of tradeline | 89,903 | 104,017 |
| SUKUK repayment | - | (225,000) |
| Loan repayment | (108,910) | (129,864) |
| Net cash generated/ (used in) financing activities | 6,100 | (69,545) |
| Net decrease in cash and cash equivalents | (36,784) | (67,977) |
| Cash and cash equivalents at 1 January | 99,238 | 163,771 |
| Cash and cash equivalents at end of the period | 62,454 | 95,794 |
| | | |

Note

Cash and cash equivalents comprise:

| | | FOR THE THIRD QUARTER ENDED | |
|-------------------------|----|-----------------------------|------------|
| | | 30.09.2018 | 30.09.2017 |
| | | RM'000 | RM'000 |
| Deposits | | 42,998 | 87,841 |
| Less: Other investments | | (3,310) | (12,841) |
| | 18 | 39,688 | 75,000 |
| Cash and bank balances | 18 | 22,766 | 20,794 |
| | | 62,454 | 95,794 |
| | | | |



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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 Group has adopted the Malaysian Financial Reporting Standard (MFRS) framework and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards for the first time in these condensed interim financial statements. The Group has elected 1 January 2017, being the beginning date of the immediate preceding financial period as the date of transition to MFRS accordingly. The impact of the transition to MFRS on the Group's reported financial position, financial performance and cash flows, are disclosed in Note 1(a). The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. 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 2017.

a) First-time Adoption of MFRS

Transition from Financial Reporting Standards (FRSs) to MFRS

As provided in MFRS 1, first-time adopter of MFRS can elect optional exemptions from full retrospective application of MFRSs. The Group has elected to apply MFRS 3 – Business Combinations and MFRS 10 – Consolidated Financial Statements prospectively from the date FRS 3 – Business Combinations was adopted and to deem the carrying amount of investment in each subsidiary, joint venture and associate to be the cost of the investment in the separate financial statements as at the date of transition to MFRSs.

The following optional exemptions elected by the Group that have an impact on the reported financial positions prepared in accordance with FRSs have been applied in the opening MFRS statement of financial position as at 1 July 2015 and throughout all periods presented in the financial statements.

i) Exemption for cumulative translation differences

The Group have elected to reset the exchange reserve to zero. The exchange reserve of RM0.53 million as at 1 January 2017 was reclassified to retained earnings.



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1. Basis of preparation (continued)

a) First-time Adoption of MFRS(continued)

ii) Effects of MFRS 141

Prior to the adoption of MFRS 141 Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141), produce growing on bearer plants were not recognised. Following the adoption, these biological assets are measured at fair value less cost to sell. Changes in fair value less costs to sell are recognised in profit or loss.

iii) Reconciliation of profit and loss

| Quarter ended 30 September 2017 | | | | |
|--|------|---|--|----------------------------------|
| | Note | Previously stated under FRS RM'000 | Effect of transition to MFRS and reclassification RM'000 | Restated under MFRS RM'000 |
| Revenue | 26 | 511,014 | (740) | 510,274 |
| Fair value change in biological assets | 17 | - | 5,796 | 5,796 |
| Fair value change in forestry | | - | 10,000 | 10,000 |
| Cost of sales | | (398,780) | 29,388 | (369,392) |
| Gross profit | | 112,234 | 44,444 | 156,678 |
| Other income | 7 | 17,339 | (2,330) | 15,009 |
| Administrative expenses | 8 | (13,306) | (26,457) | (39,763) |
| Other expenses | 9 | (21,316) | 13,515 | (7,801) |
| Results from operating activities | | 94,951 | 29,172 | 124,123 |
| Profit margin income from short-term investments and receivables | | - | 3,070 | 3,070 |
| Finance costs | | (42,213) | (6,369) | (48,582) |
| Net finance costs | | (42,213) | (3,299) | (45,512) |
| Profit before tax | 26 | 52,738 | 25,873 | 78,611 |
| Tax expense | 31 | (14,008) | (2,465) | (16,473) |
| Profit for the period | 26 | 38,730 | 23,408 | 62,138 |
| Other comprehensive 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 | | 347 | (5,852) | (5,505) |
| Total comprehensive income for the period | | 39,077 | 17,556 | 56,633 |



TH Plantations Berhad

(Company No. 12696-M)
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1. Basis of preparation (continued)

(a) First-time Adoption of MFRS(continued)

(iii) Reconciliation of profit and loss (continued)

| Quarter ended 30 September 2017 | | | |
|--|-----------------------------|---|---------------------|
| Note | Previously stated under FRS | Effect of transition to MFRS and reclassification | Restated under MFRS |
| | RM'000 | RM'000 | RM'000 |
| Profit attributable to: | | | |
| Owners of the Company | 29,850 | 20,831 | 50,681 |
| Non-controlling interests | 8,880 | 2,577 | 11,457 |
| Profit for the period | 38,730 | 23,408 | 62,138 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 30,173 | 15,389 | 45,562 |
| Non-controlling interests | 8,904 | 2,167 | 11,071 |
| Total comprehensive income for the period | 39,077 | 17,556 | 56,633 |
| Basic earnings per ordinary share (sen) | 3.38 | - | 5.73 |
| Diluted earnings per ordinary share (sen) | 3.38 | - | 5.73 |



TH Plantations Berhad

(Company No. 12696-M)
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1. Basis of preparation (continued)

a) First-time Adoption of MFRS (continued)

iv) Reconciliation of statement of financial position

| | | As at 31 December 2017 | | | As at 1 January 2017 | | | |
|---------------|------------------------------------|-----------------------------|------------------------------|---------------------|-----------------------------|------------------------------|---------------------|------------------|
| Note | | Previously stated under FRS | Effect of transition to MFRS | Restated under MFRS | Previously stated under FRS | Effect of transition to MFRS | Restated under MFRS | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Assets | | | | | | | | |
| | Property, plant and equipment | 35 | 2,610,337 | - | 2,610,337 | 2,614,875 | - | 2,614,875 |
| | Plantation development expenditure | 13 | 318,423 | - | 318,423 | 326,445 | - | 326,445 |
| | Forestry | 14 | 187,956 | - | 187,956 | 162,470 | - | 162,470 |
| | Intangible asset | 15 | 73,265 | - | 73,265 | 73,265 | - | 73,265 |
| | Other investments | 16 | 1,825 | - | 1,825 | 1,825 | - | 1,825 |
| | Deferred tax assets | | 114,375 | (3,769) | 110,606 | 117,771 | (6,743) | 111,028 |
| | Total non-current assets | | 3,306,181 | (3,769) | 3,302,412 | 3,296,651 | (6,743) | 3,289,908 |
| | Inventories | | 20,124 | - | 20,124 | 17,045 | - | 17,045 |
| | Current tax assets | | 8,603 | - | 8,603 | 5,366 | - | 5,366 |
| | Biological assets | 17 | - | 52,105 | 52,105 | - | 77,794 | 77,794 |
| | Other investments | 16 | 3,288 | - | 3,288 | 3,520 | - | 3,520 |
| | Trade and other receivables | | 41,952 | - | 41,952 | 118,475 | - | 118,475 |
| | Prepayments and other assets | | 4,620 | - | 4,620 | 4,289 | - | 4,289 |
| | Cash and cash equivalents | 18 | 99,175 | - | 99,175 | 163,771 | - | 163,771 |
| | | | 177,762 | 52,105 | 229,867 | 312,466 | 77,794 | 390,260 |
| | Assets classified as held for sale | 19 | 30,142 | - | 30,142 | - | - | - |
| | Total current assets | | 207,904 | 52,105 | 260,009 | 312,466 | 77,794 | 390,260 |
| | Total assets | | 3,514,085 | 48,336 | 3,562,421 | 3,609,117 | 71,051 | 3,680,168 |



TH Plantations Berhad

(Company No. 12696-M)
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1. Basis of preparation (continued)

b) First-time Adoption of MFRS (continued)

iv) Reconciliation of statement of financial position (continued)

| Note | As at 31 December 2017 | | | As at 1 January 2017 | | |
|--------------------------------------|-----------------------------|------------------------------|---------------------|-----------------------------|------------------------------|---------------------|
| | Previously stated under FRS | Effect of transition to MFRS | Restated under MFRS | Previously stated under FRS | Effect of transition to MFRS | Restated under MFRS |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Equity | | | | | | |
| | 773,421 | 533 | 773,954 | 781,875 | 533 | 782,408 |
| | 604,044 | 30,595 | 634,639 | 634,486 | 44,917 | 679,403 |
| | 1,377,465 | 31,128 | 1,408,593 | 1,416,361 | 45,450 | 1,461,811 |
| | 359,175 | 8,472 | 367,647 | 351,134 | 13,673 | 364,807 |
| Total equity | 1,736,640 | 39,600 | 1,776,240 | 1,767,495 | 59,123 | 1,826,618 |
| Liabilities | | | | | | |
| Loans and borrowings | 1,196,183 | - | 1,196,183 | 1,175,374 | - | 1,175,374 |
| Employee benefits | 269 | - | 269 | - | - | - |
| Deferred tax liabilities | 326,738 | 8,736 | 335,474 | 331,787 | 11,928 | 343,715 |
| Trade and other payables | 48,318 | - | 48,318 | 13,656 | - | 13,656 |
| Total non-current liabilities | 1,571,508 | 8,736 | 1,580,244 | 1,520,817 | 11,928 | 1,532,745 |
| Loans and borrowings | 47,857 | - | 47,857 | 113,151 | - | 113,151 |
| Trade and other payables | 138,138 | - | 138,138 | 205,446 | - | 205,446 |
| Current tax liabilities | 4,005 | - | 4,005 | 2,208 | - | 2,208 |
| | 190,000 | - | 190,000 | 320,805 | - | 320,805 |



TH Plantations Berhad

(Company No. 12696-M)
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1. Basis of preparation (continued)

a) First-time Adoption of MFRS (continued)

iv) Reconciliation of statement of financial position (continued)

| | | As at 31 December 2017 | | | As at 1 January 2017 | | |
|------|---|-----------------------------|------------------------------|---------------------|-----------------------------|------------------------------|---------------------|
| Note | | Previously stated under FRS | Effect of transition to MFRS | Restated under MFRS | Previously stated under FRS | Effect of transition to MFRS | Restated under MFRS |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| | Liabilities classified as held for sale | 15,937 | - | 15,937 | - | - | - |
| | Total current liabilities | 205,937 | - | 205,937 | 320,805 | - | 320,805 |
| | Total liabilities | 1,777,445 | 8,736 | 1,786,181 | 1,841,622 | 11,928 | 1,853,550 |
| | Total equity and liabilities | 3,514,085 | 48,336 | 3,562,421 | 3,609,117 | 71,051 | 3,680,168 |
| | Net tangible assets per share (RM) | 1.48 | | 1.51 | 1.52 | | 1.57 |



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1. Basis of preparation (continued)

(a) First-time Adoption of MFRS (continued)

- v) Reconciliation of statement of cash flow for the quarter ended 30 September 2017

| Quarter ended 30 September 2017 | | |
|--|---|--------------------------------|
| Previously stated under FRS | Effect of transition to MFRS | Restated under MFRS |
| RM'000 | | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 52,738 | 78,611 |
| Adjustment for non-cash flow items | 114,095 | 100,402 |
| Operating profit before changes in working capital | 166,833 | 179,013 |
| Net changes in working capital | (16,123) | (28,303) |
| Cash generated from operations | 150,710 | 150,710 |
| Profit margin income from short-term investments and other receivables | 3,070 | 3,070 |
| Finance cost | (50,771) | (50,771) |
| Tax paid | (19,073) | (19,073) |
| Tax refund | 395 | 395 |
| Net cash generated from operating activities | 84,331 | 84,331 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (25,105) | (25,105) |
| Increase in other investment | (9,321) | (9,321) |
| Plantation development expenditure | (44,896) | (44,896) |
| Forestry | (3,445) | (3,445) |
| Proceeds from disposal of property, plant and equipment | 4 | 4 |
| Net cash used in investing activities | (82,763) | (82,763) |
| | | |



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1. Basis of preparation (continued)

(a) First-time Adoption of MFRS (continued)

- v) Reconciliation of statement of cash flow for the quarter ended 30 September 2017

| | Quarter ended 30 September 2017 | | |
|---|---------------------------------|------------------------------|---------------------|
| | Previously stated under FRS | Effect of transition to MFRS | Restated under MFRS |
| | RM'000 | RM'000 | RM'000 |
| Cash flows from financing activities | | | |
| Dividends paid to owners of the Company | (59,506) | - | (59,506) |
| Proceeds from drawdown of loans and borrowings | 240,808 | - | 240,808 |
| Proceeds from drawdown of tradeline | 104,017 | - | 104,017 |
| SUKUK repayment | (225,000) | - | (225,000) |
| Loan repayment | (129,864) | - | (129,864) |
| Net cash generated from financing activities | (69,545) | - | (69,545) |
| Net increase in cash and cash equivalents | (67,977) | - | (67,977) |
| Cash and cash equivalents at 1 January | 163,771 | - | 163,771 |
| Cash and cash equivalents at 30 September | 95,794 | - | 95,794 |
| | | | |

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 2017 unless otherwise stated.



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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 2017.

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 at least quarterly. 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 7.60% and the difference between the fair value and nominal value is treated as government grant.

(v) **Forestry**

The fair value of the assets is determined using valuation prepared by external, licensed independent property valuer as at 31 December 2017.

(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.



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3. Estimates (continued)

(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.

(viii) Inventories

Determination of the allocation cost of CPO and PK is based on the extraction rate of CPO and PK respectively.

(ix) Biological assets

Fair value of biological assets 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.

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 2017 in their report dated 2 April 2018.

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

#

| | 30.09.2018 RM'000 | 30.09.2017 RM'000 |
|--|----------------------|----------------------|
| | 2,309 | 12,598 |
| | 1,223 | 740 |
| | 883 | 1,671 |
| | 4,415 | 15,009 |
| | | |

8. Administrative expenses

Administrative expenses consist of the followings:

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

#

| | 30.09.2018 RM'000 | 30.09.2017 RM'000 |
|--|----------------------|----------------------|
| | 23,386 | 26,457 |
| | 3,541 | 2,611 |
| | 2,196 | 2,196 |
| | 8,965 | 8,499 |
| | 38,088 | 39,763 |
| | | |

#Due to changes in business trend, income from management fees derived from external parties has significantly reduced, making composition of income from management fees between external and within the Group at 5:95. The Board has decided to reclassify the income from management fees as other income; hence the corresponding cost, i.e. overhead cost, will be reclassified as administrative expenses.



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9. Other expenses

Other expenses consist of the followings:

- a) Head Office Depreciation
- b) Impairment on management fees
- c) Miscellaneous expenses

| 30.09.2018 RM'000 | 30.09.2017 RM'000 |
|----------------------|----------------------|
| 1,238 | 811 |
| - | 3,510 |
| 1,957 | 3,480 |
| 3,195 | 7,801 |
| | |

10. 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.

11. Changes in Debt and Equity Securities

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

- a) Drawdown of RM4.56 million soft loan at an effective profit margin rate of 3.00%.
- b) Drawdown of USD 9.23 million (RM38.50 million at exchange rate 1USD:RM4.13) Commodity Murahabah Term Financing-i at an effective profit margin rate of 5.36%.
- c) Repayment of RM18.00 million Commodity Murahabah Term Financing-i at an effective profit margin rate of 5.85%.
- d) Repayment of RM12.50 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.

12. Dividends

There were no dividends declared nor paid during the third quarter ended 30 September 2018.



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13. Plantation development expenditure

| | 30.09.2018 RM'000 | 31.12.2017 RM'000 |
|--|----------------------|----------------------|
| At 1 January | 318,423 | 326,445 |
| Additions during the year | 50,372 | 75,419 |
| Addition of nurseries | 2,546 | 5,151 |
| Transfer to property, plant and equipment | (68,238) | (77,152) |
| Write off | - | (1,193) |
| Impairment of plantation development expenditure | - | (929) |
| Effect of movement in exchange rate | (6,844) | (9,318) |
| | 296,259 | 318,423 |

14. Forestry

| | 30.09.2018 RM'000 | 31.12.2017 RM'000 |
|---|----------------------|----------------------|
| At 1 January | 187,956 | 162,470 |
| Addition during the year | 20,540 | 11,903 |
| Additions of nurseries | 290 | 837 |
| Addition charged to profit and loss | (21,546) | (12,740) |
| Change in fair value recognised to profit or loss | - | 25,486 |
| | 187,240 | 187,956 |

15. Intangible asset

| | 30.09.2018 RM'000 | 31.12.2017 RM'000 |
|-------------|----------------------|----------------------|
| Cost | | |
| Goodwill | 73,265 | 73,265 |



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16. Other investments

| | 30.09.2018 RM'000 | 31.12.2017 RM'000 |
|--|----------------------|----------------------|
| Non-current | | |
| Available-for-sale financial assets – stated at cost | 1,825 | 1,825 |
| Current | | |
| Deposits placed with licensed banks (maturity period more than 3 months) | 3,310 | 3,288 |
| | 5,135 | 5,113 |
| | | |

17. Biological assets

| | 30.09.2018 RM'000 | 31.12.2017 RM'000 |
|---|----------------------|----------------------|
| At 1 January | 52,105 | 77,794 |
| Change in fair value recognised to profit or loss | 3,901 | (25,689) |
| | 56,006 | 52,105 |
| | | |

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.



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During 3Q18, the Group harvested 259,228 metric tonnes (MT) of fresh fruit bunches (FFB). As at 30 September 2018, the unharvested FFB, used in the calculation of fair value, were 234,046 MT. Management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 3 months prior to harvest, FFB that are expected to be harvested more than 3 months are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on income approach which considers the net present value of all directly attributable net cashflows. The assumptions are as below:

- 1) Estimated production for October, November and December are derived from black bunches census (“BBC”), that was carried out by the Group in August 2018.
- 2) Average price was derived from the following factors:
 - i) Crude palm oil (“CPO”) and palm kernel (“PK”)-future price from Bloomberg
 - ii) Oil extraction rate (“OER”) and kernel extraction rate (“KER”)- actual rate of respective estates as at 30 September 2018 discounted based on biological transformation factor.

The fair value measurement of the Group’s biological assets are categorised within Level 3 of the fair value hierarchy. If the selling price of the FFB changes by 10%, profit or loss of the Group would increase or decrease by approximately RM7.52 million.

18. Cash and cash equivalents

| | 30.09.2018 RM'000 | 31.12.2017 RM'000 |
|-------------------------------------|----------------------|----------------------|
| Deposits placed with licensed banks | 39,688 | 76,061 |
| Cash and bank balances | 22,766 | 23,177 |
| | 62,454 | 99,238 |
| Transfer to assets held for sale | (63) | (63) |
| | 62,391 | 99,175 |
| | | |



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19. Group assets held for sale

Ladang Jati Keningau Sdn Bhd

Investment in subsidiary, Ladang Jati Keningau Sdn. Bhd. is presented as an asset held for sale following the approval of Board of Directors to sell the whole investment in Ladang Jati Keningau Sdn. Bhd. on 20 December 2017. Efforts to sell the asset have commenced, and a sale is expected to be completed within twelve (12 months) from the approval date. Assets classified as held for sale are as below:

Group

Assets classified as held for sale

| | Note | 30.09.2018 |
|--|-------------|-------------------|
| | | RM'000 |
| Property, plant and equipment | a | 29,729 |
| Trade and other receivables | | 3 |
| Cash and cash equivalents | | 63 |
| | | <hr/> |
| | | 29,795 |
| | | <hr/> <hr/> |
| Liabilities classified as held for sale | | |
| Deferred tax liability | | 6,693 |
| Payables and accruals | | 8,828 |
| | | <hr/> |
| | | 15,521 |
| | | <hr/> <hr/> |

Note a

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

| Group | RM'000 |
|--------------------------|---------------|
| Cost | 30,067 |
| Accumulated depreciation | (338) |
| | <hr/> |
| | 29,729 |
| | <hr/> <hr/> |



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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 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) |
| RESULTS FOR 3 MONTHS ENDED | | | | |
| 30 SEPTEMBER 2017 | | | | |
| External operating revenue | 189,312 | - | - | 189,312 |
| Inter-segment revenue | 29,344 | - | (29,344) | - |
| Total operating revenue | 218,656 | - | (29,344) | 189,312 |
| Fair value change in biological assets | (4,414) | - | - | (4,414) |
| Fair value change in forestry | | 10,000 | - | 10,000 |
| Other income | 7,370 | 631 | (5,742) | 2,259 |
| | 221,612 | 10,631 | (35,086) | 197,157 |
| Operating expenses | (152,925) | (4,435) | 20,191 | (137,169) |
| Segment results | 68,687 | 6,196 | (14,895) | 59,988 |
| Other expenses | (8,006) | (62) | (9,778) | (17,846) |
| Finance cost | (29,330) | (3,298) | 15,903 | (16,725) |
| Profit before tax | 31,351 | 2,836 | (8,770) | 25,417 |



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20. Operating segments (continued)

| | Oil palm Plantation | Forestry | Elimination | Consolidated |
|--|------------------------|-----------------|-----------------|-----------------|
| RESULTS UP TO THIRD QUARTER ENDED 30 SEPTEMBER 2018 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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) |
| Loss before tax | 20,388 | (19,287) | (15,167) | (14,066) |
| RESULTS UP TO THIRD QUARTER ENDED 30 SEPTEMBER 2017 | | | | |
| External operating revenue | 510,274 | - | - | 510,274 |
| Inter-segment revenue | 72,872 | - | (72,872) | - |
| Total operating revenue | 583,146 | - | (72,872) | 510,274 |
| Fair value change in biological assets | 5,796 | - | - | 5,796 |
| Fair value change in forestry | - | 10,000 | - | 10,000 |
| Other income | 62,059 | 12,626 | (56,606) | 18,079 |
| | 651,001 | 22,626 | (129,478) | 544,149 |
| Operating expenses | (408,811) | (11,402) | 50,821 | (369,392) |
| Segment results | 242,190 | 11,224 | (78,657) | 174,757 |
| Other expenses | (48,082) | (447) | 965 | (47,564) |
| Finance cost | (93,337) | (7,409) | 52,164 | (48,582) |
| Profit before tax | 100,771 | 3,368 | (25,528) | 78,611 |



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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 2018 | | | | |
| Assets that belong to the Group | 5,585,915 | 225,486 | (2,254,548) | 3,556,853 |
| Total Assets | 5,585,915 | 225,486 | (2,254,548) | 3,556,853 |
| Liabilities that belong to the Group | 2,886,908 | 187,623 | (1,254,940) | 1,819,591 |
| Total liabilities | 2,886,908 | 187,623 | (1,254,940) | 1,819,591 |
| ASSETS AND LIABILITIES AS AT 31 DECEMBER 2017 | | | | |
| Assets that belong to the Group | 5,571,066 | 224,737 | (2,233,382) | 3,562,421 |
| Total Assets | 5,571,066 | 224,737 | (2,233,382) | 3,562,421 |
| Liabilities that belong to the Group | 2,940,554 | 167,586 | (1,321,959) | 1,786,181 |
| Total liabilities | 2,940,554 | 167,586 | (1,321,959) | 1,786,181 |



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21. Valuation of Property, Plant and Equipment

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

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 material impact on the financial position and business of the Group as at 26 November 2018.

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

Approved and contracted for
Approved but not contracted for

| |
|------------------------------------|
| 30.09.2018 RM'000 |
| 1,298 |
| 112,933 |
| 114,231 |
| |

25. Material Related Party Transactions

| | | | For the third quarter ended 30.09.2018 |
|------------------------------------|---------------------|-------------------------------|---|
| Transacting Parties | Relationship | Nature of transactions | RM'000 |
| Transactions with THP | | | |
| Lembaga Tabung Haji | Holding Corporation | Lease of land | 2,196 |
| Lembaga Tabung Haji | Holding Corporation | Rental of office | 3,541 |
| Transactions with THP Group | | | |
| Syarikat Takaful Malaysia | Related Company | Insurance premium | 4,063 |
| TH Travel Services Sdn Bhd | Related Company | Purchase of flight tickets | 519 |
| Deru Semangat Sdn Bhd | Related Company | Management fees | 186 |
| TH Estates (Holdings) Sdn Bhd | Related Company | Management fees | 1,037 |

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

(i) Current quarter

| | UNAUDITED THIRD QUARTER | | VARIANCE | |
|--|----------------------------|-------------------|----------|----------|
| | CURRENT YEAR | PRECEDING YEAR | | |
| | 30.09.2018 | 30.09.2017 | RM'000 | % |
| Revenue | 140,909 | 189,312 | (48,403) | (25.57) |
| Fair value change in biological assets | (8,504) | (4,414) | (4,090) | (92.66) |
| Fair value change in forestry | - | 10,000 | (10,000) | (100.00) |
| Operating profit | 6,219 | 57,729 | (51,510) | (89.23) |
| Profit/(loss) Before Interest and Tax ("PBIT/ LBIT") | (8,264) | 41,610 | (49,874) | (119.86) |
| Profit/(loss) Before Tax ("PBT/ LBT") | (23,670) | 25,417 | (49,087) | (193.13) |
| Profit/(loss) after Tax ("PAT/ LAT") | (22,522) | 17,899 | (40,421) | (225.83) |
| Profit/(loss) attributable to owners of the Company ("PATAMI/ LATAMI") | (19,803) | 15,003 | (34,806) | (231.99) |

(a) Revenue

For the current quarter ended 30 September 2018 ("3Q18"), the Group's revenue decreased by 25.57% compared to the same period last year due to lower average realised prices of CPO, PK and FFB as well as lower sales volume of CPO and PK.

| | THIRD QUARTER | | VARIANCE | |
|---------------------|---------------|--------|----------|---------|
| | 2018 | 2017 | | |
| | MT | MT | MT | % |
| Sales volume | | | | |
| Crude palm oil | 49,521 | 55,492 | (5,971) | (10.76) |
| Palm kernel | 10,452 | 12,703 | (2,251) | (17.72) |
| FFB | 48,528 | 37,348 | 11,180 | 29.93 |

| | THIRD QUARTER | | VARIANCE | |
|--------------------------------|---------------|-------|----------|---------|
| | 2018 | 2017 | | |
| | RM/MT | RM/MT | RM/MT | % |
| Average realised prices | | | | |
| Crude palm oil | 2,090 | 2,564 | (474) | (18.49) |
| Palm kernel | 1,724 | 2,215 | (491) | (22.17) |
| FFB | 400 | 506 | (106) | (20.95) |



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(b) **Operating profit**

Despite recording lower operating costs for 3Q18, the Group's operating profit was lower by RM51.51 million (89.23%) due to the significant impact of lower prices and lower fair value in biological assets.

(c) **PBIT/ LBIT**

The Group incurred a Loss Before Interest and Taxes of RM8.26 million from a PBIT of RM41.61 million in 3Q17 mainly due to factors mentioned above. In addition, the Group did not recognise any fair value in forestry in 3Q18.

(d) **PBT/ LBT**

The Group recorded a Loss Before Tax of RM23.67 million, a variance of RM49.09 million compared to 3Q17 as profit margins were significantly squeezed by lower prices and volumes.

(e) **PAT/ LAT**

The Group recorded a Loss After Tax of RM22.52 million, a variance of RM40.42 million compared to 3Q17

(f) **PATAMI/ LATAMI**

The Group recorded a Loss After Tax and MI of RM19.80 million, a variance of RM34.81 million compared to 3Q17.



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26. Review of Group's Financial Performance

(ii) Year to date

| | UNAUDITED THIRD QUARTER | | VARIANCE | |
|---|----------------------------|-------------------|-----------|----------|
| | CURRENT YEAR | PRECEDING YEAR | | |
| | 30.09.2018 | 30.09.2017 | | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 400,702 | 510,274 | (109,572) | (21.47) |
| Fair value change in biological assets | 3,901 | 5,796 | (1,895) | (32.69) |
| Fair value change in forestry | - | 10,000 | (10,000) | (100.00) |
| Operating profit | 68,309 | 156,678 | (88,369) | (56.40) |
| Profit Before Interest and Tax ("PBIT") | 31,441 | 124,123 | (92,682) | (74.67) |
| Profit/ (loss) Before Tax ("PBT/ LBT") | (14,066) | 78,611 | (92,677) | (117.89) |
| Profit/ (loss) after Tax ("PAT/ LAT") | (14,405) | 62,138 | (76,543) | (123.18) |
| Profit/ (loss) attributable to owners of the Company ("PATAMI/ LATAMI") | (16,371) | 50,681 | (67,052) | (132.30) |

(a) Revenue

Despite higher FFB production in the nine months ended 30 September 2018 ("9M18"), the Group's revenue decreased by 21.47% from RM510.27 million in the nine months ended 30 September 2017 ("9M17") to RM400.70 million due to significantly lower average realised prices of CPO, PK and FFB as well as lower sales volume of CPO and PK.

| | THIRD QUARTER | | VARIANCE | |
|---------------------|---------------|---------|----------|---------|
| | 2018 | 2017 | | |
| | MT | MT | MT | % |
| Sales volume | | | | |
| Crude palm oil | 133,953 | 140,651 | (6,698) | (4.76) |
| Palm kernel | 28,493 | 31,999 | (3,506) | (10.96) |
| FFB | 114,532 | 92,419 | 22,113 | 23.93 |

| | THIRD QUARTER | | VARIANCE | |
|--------------------------------|---------------|-------|----------|---------|
| | 2018 | 2017 | | |
| | RM/MT | RM/MT | RM/MT | % |
| Average realised prices | | | | |
| Crude palm oil | 2,229 | 2,723 | (494) | (18.14) |
| Palm kernel | 1,835 | 2,412 | (577) | (23.92) |
| FFB | 435 | 542 | (107) | (19.74) |



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(b) **Operating profit**

Despite recording lower operating costs for 9M18, the Group's operating profit was lower by RM88.37 million (56.40%) due to the significant impact of lower prices and consequently, lower revenue.

(c) **PBIT**

PBIT for 9M18 was significantly lower by RM92.68 million or 74.67 % compared to 9M17 mainly due to lower prices of CPO, PK and FFB. In addition, the Group did not recognise any fair value in forestry in 9M18.

(d) **PBT/ LBT**

The Group recorded a Loss Before Tax of RM14.07 million for 9M18, a variance of RM92.68 million compared to 9M17 as profit margins were significantly squeezed by lower prices and volumes.

(e) **PAT/ LAT**

For 9M18, The Group recorded a Loss After Tax of RM14.41 million compared to a PAT of RM62.14 million in 9M17.

(f) **PATAMI/ LATAMI**

For 9M18, the Group recorded a Loss After Tax and MI of RM16.37 million down from a PATAMI of RM50.68 million in 9M17.



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

| | 2018 | 2018 | VARIANCE | |
|---|-----------|-----------|----------|------------|
| | Quarter 3 | Quarter 2 | | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 140,909 | 138,558 | 2,351 | 1.70 |
| Fair value change in biological assets | (8,504) | 8,885 | (17,389) | (195.71) |
| Operating profit | 6,219 | 30,822 | (24,603) | (79.82) |
| Profit/ (Loss) Before Interest and Tax ("PBIT/ LBIT") | (8,264) | 17,512 | (25,776) | (147.19) |
| Profit/ (Loss) Before Tax ("PBT/ LBT") | (23,670) | 2,239 | (25,909) | (1,157.17) |
| Profit/ (Loss) after Tax ("PAT/LBT") | (22,522) | 4,021 | (26,543) | (660.11) |
| Profit/ (Loss) attributable to owners of the Company ("PATAMI/ LATAMI") | (19,803) | 200 | (20,003) | (10,001) |

| | 2018 | 2018 | VARIANCE | |
|---------------------|-----------|-----------|----------|-------|
| | Quarter 3 | Quarter 2 | | |
| | MT | MT | MT | % |
| Sales volume | | | | |
| Crude palm oil | 49,521 | 47,042 | 2,479 | 5.27 |
| Palm kernel | 10,452 | 9,666 | 786 | 8.13 |
| FFB | 48,528 | 32,790 | 15,738 | 48.00 |

| | 2018 | 2018 | VARIANCE | |
|--------------------------------|-----------|-----------|----------|---------|
| | Quarter 3 | Quarter 2 | | |
| | RM/MT | RM/MT | RM/MT | % |
| Average realised prices | | | | |
| Crude palm oil | 2,090 | 2,275 | (185) | (8.13) |
| Palm kernel | 1,724 | 1,691 | 33 | 1.95 |
| FFB | 400 | 463 | (63) | (13.61) |

(a) Revenue

Revenue for 3Q18 was higher by 1.70% compared to preceding quarter mainly attributed to higher sales volume of CPO, PK and FFB despite lower average realised prices for CPO and FFB.

(b) Operating profit

Despite higher revenue, operating profit was lower by RM24.60 million mainly due to higher cost of sales and lower fair value change in biological assets.



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(c) PBIT/ LBIT

The Group swung to a Loss Before Interest and Tax of RM8.26 million compared to a PBIT of RM17.51 million in the preceding quarter due to a significantly lower operating profit margin.

(d) PBT/ LBT

The Group recorded a Loss Before Tax of RM23.67 million compared to a PBT of RM2.24 million in the preceding quarter. The prolonged low price environment has continued to exert downward pressure on the Group's profit margins and has outweighed the positive effects of higher production.

(e) PAT/ LAT

The Group recorded a Loss After Tax of RM22.52 million compared to a PAT of RM4.02 million in the preceding quarter.

(f) PATAMI/ LATAMI

The Group recorded a Loss After Tax and MI of RM19.80 million compared to a PATAMI of RM0.20 million in the preceding quarter.

28. Review of operating segments

Oil Palm Plantation

(i)Current quarter

The Oil Palm Plantation segment recorded a decrease of RM48.40 million in its revenue due to lower average realised prices and lower sales volume of CPO and PK. The segment recorded a loss before tax of RM4.57 million compared to a PBT of RM31.35 million in 3Q17 mainly attributed to lower revenue and lower fair value in biological asset for the current quarter.

(ii)Cumulative quarter

Despite higher FFB production by 4%, the Oil Palm Plantation segment recorded a decrease of RM109.57 million in its revenue in 9M18 due to lower average realised prices. PBT decreased by 79.77% compared to 9M17 mainly attributed to lower margins arising from lower prices of CPO, PK and FFB.



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28. Review of operating segments (Continued)

Forestry

(i)Current quarter

The forestry segment recorded a LBT of RM10.43 million in 3Q18, as compared to a profit of RM2.84 million in 3Q17. There was no recognition of changes in fair value of forestry in 3Q18.

(ii)Cumulative quarter

For 9M18, the forestry segment recorded a LBT of RM19.29 million in 9M18, as compared to a profit of RM3.37 million in 9M17. This is a result of a lower fair value on government grant and there was no recognition of changes in fair value of forestry in 9M18.

29. Current Year Prospects

Improved production and weak exports across the industry have led to a surge in CPO stock levels in the country, which may delay the recovery of palm product prices. Prices are expected to remain range-bound in the near-term, causing continued pressure on profit margins for the industry, particularly when stock levels peak in November and December 2018. However, the market anticipates demand to pick up in 2019, driven by higher exports to China.

30. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast for financial year 2018.

31. Taxation

| | THIRD QUARTER | | CUMULATIVE QUARTER | |
|----------|-----------------------|-------------------------|-----------------------|-------------------------|
| | Current year RM000 | Preceding year RM000 | Current year RM000 | Preceding year RM000 |
| Current | 3,615 | (1,706) | 13,183 | 10,233 |
| Deferred | (4,763) | 9,224 | (12,844) | 6,240 |
| | (1,148) | 7,518 | 339 | 16,473 |
| | | | | |

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

Current year tax for 9M18 was higher compared to last year due to lower capital allowances available. However, it was partly offset by deferred tax assets recognised during the period due to lower fair value change in biological assets and forestry.



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32. Unquoted Investments and /or Properties

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

33. Quoted Investments

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

34. Status of Corporate Proposals

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

35. Property, Plant and Equipment ("PPE")

For the year 2018, 1,958.24 hectares of oil palm estates have reached maturity and reclassified as PPE.

36. Group Borrowings

As at 30 September 2018, total borrowings are as follows:

| | As at 30.09.2018 RM'000 | As at 31.12.2017 RM'000 |
|--|--|--|
| Non-current | | |
| Secured | | |
| Flexi Term Financing-i | - | 13,715 |
| Commodity Murahabah Term Financing-i (THPS) | 241,778 | 256,656 |
| Commodity Murahabah Term Financing-I (PTPKP) | 38,694 | - |
| Unsecured | | |
| SUKUK Murahabah | | |
| Medium Term Notes | 895,000 | 895,000 |
| Term Financing | 33,907 | 30,812 |
| | 1,209,379 | 1,196,183 |
| Current | | |
| Secured | | |
| Flexi Term Financing-i | 18,215 | 17,000 |
| Commodity Murahabah Term Financing-I (THPS) | 24,000 | 27,000 |
| Unsecured | | |
| Islamic Trade Financing-i | 15,350 | 3,857 |
| | 57,565 | 47,857 |
| | 1,266,944 | 1,244,040 |
| | | |



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36. 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 |
| Below 1 year | 2018 | - | 28,850 | 28,850 | - |
| 1-2 years | 2019 | - | 40,716 | 40,716 | - |
| 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 | 30,778 | 175,778 | 2,323 |
| 9-10 years | 2027 | 200,000 | - | 200,000 | - |
| 10-11 years | 2028 | - | - | - | - |
| 11-12 years | 2029 | - | 33,907 | 33,907 | - |
| | | 895,000 | 333,251 | 1,228,251 | 9,323 |

37. 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.

38. Material Litigation

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



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39. Earnings/ (Loss) Per Share

| | | UNAUDITED THIRD QUARTER | | UNAUDITED CUMULATIVE | |
|---|--------|----------------------------|-------------------|-------------------------|-------------------|
| | | Current Year | Preceding Year | Current Year | Preceding Year |
| Basic earnings per share | | | | | |
| Profit/ (Loss) attributable to shareholders | RM'000 | (19,803) | 15,003 | (16,371) | 50,681 |
| Weighted average number of ordinary shares in issue | 000 | 883,851 | 883,851 | 883,851 | 883,851 |
| Basic earnings/ (loss) per share | sen | (2.24) | 1.70 | (1.85) | 5.73 |
| Diluted earnings per share | | | | | |
| Profit/ (Loss) attributable to shareholders | RM'000 | (19,803) | 15,003 | (16,371) | 50,681 |
| 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 earnings/ (loss) per share | sen | (2.24) | 1.70 | (1.85) | 5.73 |

40. 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 2018.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
26 November 2018