



TH Plantations Berhad

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

QUARTERLY REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors are pleased to announce the unaudited consolidated results for the year ended 31 December 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		UNAUDITED			
		FOURTH QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
Note		RM'000	RM'000	RM'000	RM'000
	Revenue	118,622	177,708	519,324	687,982
	Fair value change in biological assets	(13,757)	(31,485)	(9,856)	(25,689)
	Fair value change in forestry	(134,300)	15,486	(134,300)	25,486
	Cost of sales	(147,935)	(132,557)	(484,229)	(501,949)
	Gross (loss)/ profit	(177,370)	29,152	(109,061)	185,830
	Other income	3,893	1,322	8,308	16,331
	Administrative expenses	(9,996)	(20,564)	(48,084)	(60,327)
	Other expenses	(460,074)	(12,377)	(463,269)	(20,178)
	Results from operating activities	(643,547)	(2,467)	(612,106)	121,656
	Profit margin income from short-term investments and receivables	243	814	1,001	3,884
	Finance cost	(20,741)	(15,959)	(67,006)	(64,541)
	Net finance cost	(20,498)	(15,145)	(66,005)	(60,657)
	(Loss)/ Profit before tax	(664,045)	(17,612)	(678,111)	60,999
	Tax expense	20,068	(13,296)	19,729	(29,769)
	(Loss)/ Profit for the year	(643,977)	(30,908)	(658,382)	31,230
	Other comprehensive (expense)/ income, net of tax items that are or may be reclassified subsequently to profit and loss, net of tax				
	Foreign currency translation differences for foreign operations	2,834	(3,109)	(4,062)	(8,614)
	Remeasurement on defined benefit liability	(185)	(30)	(185)	(30)
	Other comprehensive income/ (expense), net of tax	2,649	(3,139)	(4,247)	(8,644)
	Total comprehensive (expense)/ income for the year	(641,328)	(34,047)	(662,629)	22,586



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

		UNAUDITED			
		FOURTH QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
		31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
		RM'000	RM'000	RM'000	RM'000
(Loss)/ Profit attributable to:	Owners of the Company	(578,237)	(28,272)	(594,608)	22,409
	Non-controlling interests	(65,740)	(2,636)	(63,774)	8,821
	(Loss)/ Profit for the year	(643,977)	(30,908)	(658,382)	31,230
Total comprehensive (expense)/ income attributable to:	Owners of the Company	(575,774)	(31,193)	(598,558)	14,369
	Non-controlling interests	(65,554)	(2,854)	(64,071)	8,217
	Total comprehensive (expense)/ income for the year	(641,328)	(34,047)	(662,629)	22,586
Basic earnings per ordinary share (sen)	38	(65.42)	(3.20)	(67.27)	2.54
Diluted earnings per ordinary share (sen)	38	(65.42)	(3.20)	(67.27)	2.54

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.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31.12.2018 (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	34	1,765,183	2,610,337	2,614,875
Plantation development expenditure	13	84,842	318,423	326,445
Forestry	14	49,825	187,956	162,470
Intangible asset	15	-	73,265	73,265
Other investments	16	1,825	1,825	1,825
Deferred tax assets		54,166	110,606	111,028
Total non-current assets		1,955,841	3,302,412	3,289,908
Inventories		19,634	20,124	17,045
Current tax assets		15,166	8,603	5,366
Biological assets	17	35,658	52,105	77,794
Other investments	16	1,888	3,288	3,520
Trade and other receivables		38,727	41,952	118,475
Prepayments and other assets		7,745	4,620	4,289
Cash and cash equivalents	18	50,561	99,175	163,771
		169,379	229,867	390,260
Assets classified as held for sale	19	744,911	30,142	-
Total current assets		914,290	260,009	390,260
Total assets		2,870,131	3,562,421	3,680,168



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 31.12.2018 (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		850,790	773,954	782,408
Retained earnings		(58,431)	634,639	679,403
Equity attributable to owners of the Company		792,359	1,408,593	1,461,811
Non-controlling interests		302,736	367,647	364,807
Total equity		1,095,095	1,776,240	1,826,618
Liabilities				
Loans and borrowings	35	1,199,510	1,196,183	1,175,374
Employee benefits		542	269	-
Deferred tax liabilities		252,542	335,474	343,715
Trade and other payables		9,000	48,318	13,656
Total non-current liabilities		1,461,594	1,580,244	1,532,745
Loans and borrowings	35	41,544	47,857	113,151
Trade and other payables		205,917	138,138	205,446
Current tax liabilities		1	4,005	2,208
		247,462	190,000	320,805
Liabilities classified as held for sale	19	65,980	15,937	-
Total current liabilities		313,442	205,937	320,805
Total liabilities		1,775,036	1,786,181	1,853,550
Total equity and liabilities		2,870,131	3,562,421	3,680,168
Net tangible assets per share (RM)		0.90	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 YEAR ENDED 31 DECEMBER 2018

	/-----Attributable to owners of the Company-----/					/-----Non-distributable-----/		Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share Option reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Retained earnings RM'000	Total 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 YEAR ENDED 31 DECEMBER 2018 (continued)

Group	Note	/-----Attributable to owners of the Company-----/ /-----Non-distributable-----/ Distributable									
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share Option reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2018		862,752	-	(80,786)	-	(8,012)	773,954	634,639	1,408,593	367,647	1,776,240
Foreign currency translation differences for foreign operations		-	-	-	-	(3,778)	(3,778)	-	(3,778)	(297)	(4,075)
Remeasurement loss on defined benefit liability		-	-	(172)	-	-	(172)	-	(172)	-	(172)
Total other comprehensive expense for the year		-	-	(172)	-	(3,778)	(3,950)	-	(3,950)	(297)	(4,247)
Loss for the year		-	-	-	-	-	-	(594,608)	(594,608)	(63,774)	(658,382)
Total comprehensive expense for the year		-	-	(172)	-	(3,778)	(3,950)	(594,608)	(598,558)	(64,071)	(662,629)
<i>Contribution by and distribution to owners of the Group</i>											
Transfer between reserves		-	-	80,786	-	-	80,786	(80,786)	-	-	-
Dividends to owners of the Company		-	-	-	-	-	-	(17,676)	(17,676)	-	(17,676)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(840)	(840)
Total transactions with owners of the Group		-	-	80,786	-	-	80,786	(98,462)	(17,676)	(840)	(18,516)
At 31 December 2018		862,752	-	(172)	-	(11,790)	850,790	(58,431)	792,359	302,736	1,095,095

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.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	FOR THE YEAR ENDED	
	31.12.2018	31.12.2017
		(Restated)
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/ Profit before tax	(678,111)	60,999
Adjustment for non-cash items	575,287	142,821
Operating profit before changes in working capital	(102,824)	203,820
Net changes in working capital	221,138	68,955
Cash generated from operations	118,314	272,775
Profit margin income from short-term investments and other receivables	1,001	3,884
Finance cost	(72,795)	(73,571)
Tax paid	(26,851)	(24,281)
Tax refund	2,364	607
Zakat paid	-	(109)
Net cash generated from operating activities	22,033	179,305
Cash flows from investing activities		
Acquisition of property, plant and equipment	(17,817)	(39,533)
Decrease in other investment	1,400	232
Plantation development expenditure	(49,854)	(63,286)
Forestry	-	(12,740)
Proceeds from disposal of property, plant and equipment	116	6
Net cash used in investing activities	(66,155)	(115,321)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

	FOR THE YEAR ENDED	
	31.12.2018	31.12.2017
		(Restated)
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to owners of the Company	(18,156)	(90,039)
Proceeds from drawdown of loans and borrowings	47,322	240,808
Proceeds from drawdown of tradeline	128,047	135,123
SUKUK repayment	-	(225,000)
Loan repayment	(161,360)	(184,617)
Net cash used in financing activities	(4,147)	(128,517)
Net decrease in cash and cash equivalents	(48,269)	(64,533)
Cash and cash equivalents at 1 January	99,238	163,771
Cash and cash equivalents at end of the year	50,969	99,238

Note

Cash and cash equivalents comprise:

		FOR THE YEAR ENDED	
		31.12.2018	31.12.2017
		RM'000	RM'000
Deposits		38,132	79,349
Less: Other investments		(1,888)	(3,288)
	18	36,244	76,061
Cash and bank balances	18	14,725	23,177
		50,969	99,238



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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 accounting policies in accordance with MFRS have been applied in preparing the interim financial statements of the Group for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening MFRSs statement of financial position at 1 January 2018 (the Group's date of transition to MFRSs).

In preparing the opening statement of financial position at 1 January 2018, the Group have adjusted amounts reported previously in the interim financial statements prepared in accordance with FRSs. An explanation of how the transition from FRSs to MFRSs has affected the Group's and the Company's financial position and financial performance is set out in the 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

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

Year ended 31 December 2017			
Note	Previously stated under FRS	Effect of transition to MFRS and reclassification	Restated under MFRS
	RM'000	RM'000	RM'000
Revenue	689,216	(1,234)	687,982
Fair value change in biological assets	-	(25,689)	(25,689)
Fair value change in forestry	25,486	-	25,486
Cost of sales	(544,052)	42,103	(501,949)
Gross profit	170,650	15,180	185,830
Other income	15,097	1,234	16,331
Administrative expenses	(18,224)	(42,103)	(60,327)
Other expenses	(20,178)	-	(20,178)
Results from operating activities	147,345	(25,689)	121,656
Profit margin income from short-term investments and receivables	3,884	-	3,884
Finance costs	(64,541)	-	(64,541)
Net finance costs	(60,657)	-	(60,657)
Profit before tax	86,688	(25,689)	60,999
Tax expense	(35,935)	6,166	(29,769)
Profit for the year	50,753	(19,523)	31,230
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	(8,614)	-	(8,614)
Loss from post-employment benefit	(30)	-	(30)
Other comprehensive expense, net of tax	(8,644)	-	(8,644)
Total comprehensive income for the year	42,109	(19,523)	22,586



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1. Basis of preparation (continued)

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

(iii) Reconciliation of profit and loss (continued)

Year ended 31 December 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	36,730	(14,321)	22,409	
Non-controlling interests	14,023	(5,202)	8,821	
Profit for the year	50,753	(19,523)	31,230	
Total comprehensive income attributable to:				
Owners of the Company	28,691	(14,322)	14,369	
Non-controlling interests	13,418	(5,201)	8,217	
Total comprehensive income for the year	42,109	(19,523)	22,586	
Basic earnings per ordinary share (sen)	38	4.16	-	2.54
Diluted earnings per ordinary share (sen)	38	4.16	-	2.54



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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	34	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



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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
	1,736,640	39,600	1,776,240	1,767,495	59,123	1,826,618
Liabilities						
35	1,196,183	-	1,196,183	1,175,374	-	1,175,374
	269	-	269	-	-	-
	326,738	8,736	335,474	331,787	11,928	343,715
	48,318	-	48,318	13,656	-	13,656
	1,571,508	8,736	1,580,244	1,520,817	11,928	1,532,745
35	47,857	-	47,857	113,151	-	113,151
	138,138	-	138,138	205,446	-	205,446
	4,005	-	4,005	2,208	-	2,208
	190,000	-	190,000	320,805	-	320,805



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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 RM'000	Effect of transition to MFRS RM'000	Restated under MFRS RM'000	Previously stated under FRS RM'000	Effect of transition to MFRS RM'000	Restated under MFRS RM'000
Liabilities classified as held for sale	19	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 year ended 31 December 2017

Year ended 31 December 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	86,688	(25,689)	60,999
Adjustment for non-cash flow items	120,409	22,412	142,821
Operating profit before changes in working capital	207,097	(3,277)	203,820
Net changes in working capital	65,678	3,277	68,955
Cash generated from operations	272,775	-	272,775
Profit margin income from short-term investments and other receivables	3,884	-	3,884
Finance cost	(73,571)	-	(73,571)
Tax paid	(24,281)	-	(24,281)
Tax refund	607	-	607
Zakat paid	(109)	-	(109)
Net cash generated from operating activities	84,331	-	179,305
Cash flows from investing activities			
Acquisition of property, plant and equipment	(39,533)	-	(39,533)
Increase in other investment	232	-	232
Plantation development expenditure	(63,286)	-	(63,286)
Forestry	(12,740)	-	(12,740)
Proceeds from disposal of property, plant and equipment	6	-	6
Net cash used in investing activities	(115,321)	-	(115,321)



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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 year ended 31 December 2017

	Year ended 31 December 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	(90,039)	-	(90,039)
Proceeds from drawdown of loans and borrowings	240,808	-	240,808
Proceeds from drawdown of tradeline	135,123	-	135,123
SUKUK repayment	(225,000)	-	(225,000)
Loan repayment	(184,617)	-	(184,617)
Net cash used in financing activities	(128,517)	-	(128,517)
Net decrease in cash and cash equivalents	(64,533)	-	(64,533)
Cash and cash equivalents at 1 January	163,771	-	163,771
Cash and cash equivalents at end of the year	99,238	-	99,238

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 2018.

(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.

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

During the financial year, the goodwill and plantation assets had been impaired as disclosed in Note 39. There were no other material or unusual items affecting assets, liabilities, equity and net income.

7. Other income

Other income consist of the following:

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

#

31.12.2018 RM'000	31.12.2017 RM'000
5,192	12,344
1,524	1,234
1,592	2,753
8,308	16,331



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8. Administrative expenses

Administrative expenses consist of the followings:

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

#

	31.12.2018 RM'000	31.12.2017 RM'000
	28,188	42,103
	4,722	3,792
	2,928	2,928
	12,246	11,504
	48,084	60,327

#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.

9. Other expenses

Other expenses consist of the followings:

- a) Head Office Depreciation
- b) Impairment loss on other receivables
- c) Impairment loss on plantation development expenditure
- d) Impairment loss on property, plant and equipment
- e) Impairment loss on asset held for sale
- f) Impairment on goodwill
- g) Plantation development expenditure written off
- h) Property, plant and equipment written off
- i) Nurseries written off
- j) Transaction agent fees
- k) Miscellaneous expenses

Note

	31.12.2018 RM'000	31.12.2017 RM'000
	1,319	1,013
	4,431	11,120
13	44,689	929
	2,396	-
19	291,625	-
19	62,331	-
13	12,028	1,193
	33,768	-
	3,116	72
	4,627	-
	2,939	5,851
	463,269	20,178



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10. Material changes in estimates

There were no changes in estimates that have a material effect in the financial year to date save as below:

During the financial year ended 31 December 2018, the Group reviewed the annual production yield table to reflect the potential yield production for each estate in the Group.

The effect of these changes on amortisation expenses, recognised in cost of sales, in current and future periods is as follows:

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Increase in amortisation charge	7,135	7,886	10,184	6,548	9,034

11. Changes in Debt and Equity Securities

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

- Drawdown of RM8.71 million soft loan at an effective profit margin rate of 3.00%.
- 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%.
- Repayment of RM24.00 million Commodity Murahabah Term Financing-i at an effective profit margin rate of 5.85%.
- Repayment of RM17.00 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 fourth quarter ended 31 December 2018.



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13. Plantation development expenditure

	Note	31.12.2018 RM'000	31.12.2017 RM'000
At 1 January		318,423	326,445
Additions during the year		64,374	75,419
Addition of nurseries		3,223	5,151
Transfer to property, plant and equipment		(68,238)	(77,152)
Write off	9	(12,028)	(1,193)
Impairment	9	(44,689)	(929)
Effect of movement in exchange rate		(4,001)	(9,318)
Transfer to assets held for sale	19	(172,222)	-
		84,842	318,423

14. Forestry

	31.12.2018 RM'000	31.12.2017 RM'000
At 1 January	187,956	162,470
Addition during the year	23,612	11,903
Additions of nurseries	1,678	837
Addition charged to profit and loss	(26,005)	(12,740)
Change in fair value recognised to profit or loss	(134,300)	25,486
Write off	(3,116)	-
	49,825	187,956

15. Intangible asset

	Note	31.12.2018 RM'000	31.12.2017 RM'000
Cost			
Goodwill		73,265	73,265
Transfer to assets held for sale	19	(73,265)	-
		-	73,265



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16. Other investments

	31.12.2018 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)	1,888	3,288
	3,713	5,113

17. Biological assets

	Note	31.12.2018 RM'000	31.12.2017 RM'000
At 1 January		52,105	77,794
Change in fair value recognised to profit or loss		(9,856)	(25,689)
Less: Transfer to assets held for sale	19	(6,591)	-
		35,658	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.

18. Cash and cash equivalents

	Note	31.12.2018 RM'000	31.12.2017 RM'000
Deposits placed with licensed banks		36,244	76,061
Cash and bank balances		14,725	23,177
Transfer to assets held for sale	19	50,969 (408)	99,238 (63)
		50,561	99,175



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19. Group assets held for sale

Investment in subsidiaries, TH Pelita Meludam Sdn Bhd, TH Pelita Beladin Sdn Bhd, TH Pelita Simunjan Sdn Bhd, Hydroflow Sdn Bhd, Bumi Suria Ventures Sdn Bhd and Maju Warisanmas Sdn Bhd are presented as an asset held for sale following the approval of Board of Directors to sell the whole investment in those subsidiaries on 27 February 2019. Efforts to sell the asset have commenced, and 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	31.12.2018 RM'000
Property, plant and equipment ("PPE")	a	823,245
Plantation development expenditure ("PDE")		172,222
Goodwill		73,265
Deferred tax assets		21,267
Biological assets		6,591
Inventories		3,460
Current tax assets		22
Trade and other receivables		2,880
Prepayment and Other assets		134
Cash and cash equivalents		408
		<hr/> 1,103,494
Impairment on goodwill		(62,331)
Impairment on PDE and PPE		(291,625)
		<hr/> 749,538
Less: Transaction agent fees		(4,627)
		<hr/> <hr/> 744,911
Liabilities classified as held for sale		
Borrowings		13,715
Deferred tax liability		22,402
Payables and accruals		29,594
Current tax payable		269
		<hr/> 65,980

Note a

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

Group	RM'000
Cost	938,404
Accumulated depreciation	(115,159)
	<hr/> 823,245



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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				
31 DECEMBER 2018				
External operating revenue	118,622	-	-	118,662
Inter-segment revenue	44,594	-	(44,594)	-
Total operating revenue	163,216	-	(44,594)	118,622
Fair value change in biological assets	(13,757)	-	-	(13,757)
Fair value change in forestry	-	(134,300)	-	(134,300)
Other income	25,504	3,703	(25,071)	4,136
	174,963	(130,597)	(69,665)	(25,299)
Operating expenses	(154,142)	(3,009)	9,216	(147,935)
Segment results	20,821	(133,606)	(60,449)	(173,234)
Other expenses	(479,463)	(3,261)	12,654	(470,070)
Finance cost	(35,041)	(4,009)	18,309	(20,741)
Loss before tax	(493,683)	(140,876)	(29,486)	(664,045)
RESULTS FOR 3 MONTHS ENDED				
31 DECEMBER 2017				
External operating revenue	177,708	-	-	177,708
Inter-segment revenue	89,644	-	(89,644)	-
Total operating revenue	267,352	-	(89,644)	177,708
Fair value change in biological assets	(31,485)	-	-	(31,485)
Fair value change in forestry	-	15,486	-	15,486
Other income	47,042	13,412	(58,318)	2,136
	282,909	28,898	(147,962)	163,845
Operating expenses	(153,298)	(14,722)	35,463	(132,557)
Segment results	129,611	14,176	(112,499)	31,288
Other expenses	(73,774)	132	40,701	(32,941)
Finance cost	(32,043)	(2,822)	18,906	(15,959)
Profit before tax	23,794	11,486	(52,892)	(17,612)



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20. Operating segments (continued)

	Oil palm Plantation	Forestry	Elimination	Consolidated
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018	RM'000	RM'000	RM'000	RM'000
External operating revenue	519,324	-	-	519,324
Inter-segment revenue	102,899	-	(102,899)	-
Total operating revenue	622,223	-	(102,899)	519,324
Fair value change in biological assets	(9,856)	-	-	(9,856)
Fair value change in forestry	-	(134,300)	-	(134,300)
Other income	98,918	5,295	(94,904)	9,309
	711,285	(129,005)	(197,803)	384,477
Operating expenses	(515,307)	(16,809)	47,887	(484,229)
Segment results	195,978	(147,814)	(149,916)	(99,752)
Other expenses	(546,005)	(3,632)	38,284	(511,353)
Finance cost	(123,268)	(10,717)	66,979	(67,006)
Loss before tax	(473,295)	(160,163)	(44,653)	(678,111)
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017				
External operating revenue	687,982	-	-	687,982
Inter-segment revenue	162,516	-	(162,516)	-
Total operating revenue	850,498	-	(162,516)	687,982
Fair value change in biological assets	(25,689)	-	-	(25,689)
Fair value change in forestry	-	25,486	-	25,486
Other income	109,101	26,038	(114,924)	20,215
	933,910	51,524	(277,440)	707,994
Operating expenses	(562,109)	(26,124)	86,284	(501,949)
Segment results	371,801	25,400	(191,156)	206,045
Other expenses	(121,856)	(315)	41,666	(80,505)
Finance cost	(125,380)	(10,231)	71,070	(64,541)
Profit before tax	124,565	14,854	(78,420)	60,999



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20. Operating segments (continued)

	Oil palm Plantation	Forestry	Elimination	Consolidated
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2018	RM'000	RM'000	RM'000	RM'000
Assets that belong to the Group	5,056,519	100,859	(2,287,247)	2,870,131
Total Assets	5,056,519	100,859	(2,287,247)	2,870,131
Liabilities that belong to the Group	3,009,049	188,964	(1,422,977)	1,775,036
Total liabilities	3,009,049	188,964	(1,422,977)	1,775,036
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

During the year, assets in relation to assets held for sale and asset in Indonesia of the Group has been valued by Independent professional's valuers.

22. Material Event Subsequent to the Balance Sheet Date

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

23. Contingent Liabilities

The Directors are of the opinion that the Group has no contingent liabilities which may have material impact on the financial position and business of the Group as at 27 February 2019.

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

Approved and contracted for
Approved but not contracted for

31.12.2018 RM'000
874
130,271
131,145

25. Material Related Party Transactions

			For the year ended 31.12.2018
Transacting Parties	Relationship	Nature of transactions	RM'000
Transactions with THP			
Lembaga Tabung Haji	Holding Corporation	Lease of land	4,772
Lembaga Tabung Haji	Holding Corporation	Rental of office	2,928
Transactions with THP Group			
Syarikat Takaful Malaysia	Related Company	Insurance premium	4,101
TH Travel Services Sdn Bhd	Related Company	Purchase of flight tickets	795
Deru Semangat Sdn Bhd	Related Company	Management fees	287
TH Estates (Holdings) Sdn Bhd	Related Company	Management fees	1,237

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



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

26. Review of Group's Financial Performance

	UNAUDITED YEAR TODATE		VARIANCE	
	CURRENT YEAR	PRECEDING YEAR		
	31.12.2018	31.12.2017	RM'000	%
Revenue	519,324	687,982	(168,658)	(24.51)
Fair value change in biological assets	(9,856)	(25,689)	15,833	61.63
Fair value change in forestry	(134,300)	25,486	(159,786)	(626.96)
Operating (loss) / profit	(109,061)	185,830	(294,891)	(158.69)
(Loss)/ Profit Before Interest and Tax ("LBIT/ PBIT")	(612,106)	121,656	(733,762)	(603.14)
(Loss)/ Profit Before Tax ("LBT/ PBT")	(678,111)	60,999	(739,110)	(1,211.68)
(Loss)/ Profit after Tax ("LAT/ PAT")	(658,382)	31,230	(689,612)	(2,208.17)
(Loss)/ Profit attributable to owners of the Company ("LATAMI/ PATAMI")	(594,608)	22,409	(617,017)	(2,753.43)

	YEAR TODATE		VARIANCE	
	2018	2017		
	MT	MT	MT	%
Sales volume				
Crude palm oil	182,319	191,011	(8,692)	(4.55)
Palm kernel	39,254	43,920	(4,666)	(10.62)
FFB	160,297	130,558	29,739	22.78

	YEAR TODATE		VARIANCE	
	2018	2017		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
Crude palm oil	2,120	2,672	(552)	(20.66)
Palm kernel	1,709	2,444	(735)	(30.07)
FFB	409	539	(130)	(24.12)



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

Overall

The Group's revenue for the financial year ended 31 December 2018 declined by 24.51% to RM519.3 million while the Group incurred significant loss before taxation of RM678.11 million as compared to Profit before Taxation of RM60.99 million in the corresponding period in previous year. This was largely due to significantly lower revenue due to lower average realised prices for CPO, PK and FFB, significant change in fair value of forestry which has resulted in a charge to profit and loss of RM134.3 million as compared to positive RM25.49 million in previous year, nurseries written off amounting to RM3.12 million and impairment losses of intangible assets (Goodwill), property, plant and equipment ("PPE"), plantation development expenditure ("PDE") write off and write down of PPE amounting to RM446.83 million as disclosed in Note 39. Excluding impairment and assets written off, Loss before taxation for the Group was RM231.28 million.

Plantation sector

Plantation sector incurred a loss before tax of RM473.30 million for the financial year ended 31 December 2018 compared to a PBT of RM124.57 million in FY17. Operationally, the sector was significantly affected by the drop in average realised prices in 2018 and coupled with lower sales volume for CPO and PK.

FFB production was higher by 3% to 910,316 mt and yield increased by 2% to 18.43 mt per hectare in 2018. OER was higher by 2% at 19.94% compared to 19.55% achieved in previous year.

The sector's performance was further eroded by impairment of intangible assets of RM62.33 million, impairment and write off plantation assets RM384.50 million.

Forestry sector

For FY18, the forestry sector recorded a LBT of RM160.16 million, as compared to a profit of RM14.85 million in FY17. This is a result of a lower fair value on government grant, lower fair value of forestry and nurseries written off in FY18.

For FY17, the valuation was based on the highest and best use of the forestry which is the combination of tapping latex and felling of timber. However, in 2018 due to market conditions the valuation was based on the highest and best use which is felling of timber only which resulted in significantly lower in fair value of forestry by RM134.30 million.



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

	2018	2018	VARIANCE	
	Quarter 4	Quarter 3		
	RM'000	RM'000	RM'000	%
Revenue	118,622	140,909	(22,287)	(15.82)
Fair value change in biological assets	(13,757)	(8,504)	(5,253)	(61.77)
Fair value change in forestry	(134,300)	-	(134,300)	(100.00)
Operating profit (loss)/ profit	(177,370)	6,219	(183,589)	(2,952.07)
Loss Before Interest and Tax ("LBIT")	(643,547)	(8,264)	(635,283)	(7,687.35)
Loss Before Tax ("LBT")	(664,045)	(23,670)	(640,375)	(2,705.43)
Loss after Tax ("LBT")	(643,977)	(22,522)	(621,455)	(2,759.32)
Loss attributable to owners of the Company ("LATAMI")	(578,237)	(19,803)	(558,434)	(2,819.95)

	2018	2018	VARIANCE	
	Quarter 4	Quarter 3		
	MT	MT	MT	%
Sales volume				
Crude palm oil	48,366	49,521	(1,155)	(2.33)
Palm kernel	10,761	10,452	309	2.96
FFB	45,765	48,528	(2,763)	(5.69)

	2018	2018	VARIANCE	
	Quarter 4	Quarter 3		
	RM/MT	RM/MT	RM/MT	%
Average realised prices				
Crude palm oil	1,821	2,090	(269)	(12.87)
Palm kernel	1,377	1,724	(347)	(20.13)
FFB	341	400	(59)	(14.75)



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

Overall

The Group's revenue was lower by 15.82% to RM118.62 million compared to preceding quarter. The Group incurred a significant loss before taxation of RM664.05 million for 4Q18 mainly attributed to losses incurred in Plantation Sector which was due to lower average realised prices, lower sales volume for CPO, FFB and significant change in fair value of forestry which has resulted in a charge to profit and loss of RM134.3 million in current quarter.

In addition, the Group registered impairment losses of intangible assets (Goodwill), property, plant and equipment ("PPE"), plantation development expenditure ("PDE") write off and write down of PPE amounting to RM446.83 million as disclosed in Note 39. Without the impairment and written off, the loss before taxation for the Group reduced to RM217.22 million.

Plantation sector

The Plantation sector incurred a higher loss before tax of RM493.68 million in current quarter compared to RM4.57 million loss in preceding quarter. Operationally, this was mainly attributed to the lower average realised prices and lower sales volume for CPO and FFB.

FFB production lower by 2.52% to 252,686 mt and yield decreased by 2.52% to 5.11 mt per hectare in current quarter. OER was lower by 0.01% at 20.05% compared to 20.04% achieved in preceding quarter.

The Sector's result was further dragged down by impairment of intangible assets of RM62.33 million, impairment and write off plantation assets RM384.50 million.

Forestry sector

For FY18, the forestry sector registered a LBT of RM140.88 million compared to RM10.43 million loss in preceding quarter mainly due to nurseries written off amounting to RM3.12 million and significant change in fair value of forestry which has resulted in a charge to profit and loss of RM134.30 million in current quarter.



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28. Current Year Prospects

Palm oil prices are gradually recovering from the low levels seen in the past couple of years. Factors that support palm oil price recovery include expected lower production growth in 2019, thus further easing inventory levels, as well as the high spread between competing soy oil with palm oil prices. In addition, India has recently lowered its import duties for palm oil products, which will further boost demand for palm oil exports from Malaysia and Indonesia. Given a steady recovery in prices, coupled with improved operational and financial efficiencies, the Group expects improved prospects for 2019. The Group also anticipates that with the rationalisation of assets, it will be in a better financial position.

29. Variance of Actual Profit from Forecast Profit

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

30. Taxation

	FOURTH QUARTER		CUMULATIVE QUARTER	
	Current year RM000	Preceding year RM000	Current year RM000	Preceding year RM000
Current	(499)	20,870	12,684	31,103
Deferred	(19,569)	(7,574)	(32,413)	(1,334)
	(20,068)	13,296	(19,729)	29,769

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

Current year tax for FY18 was lower compared to last year due to higher deferred tax assets recognised during the year as a result of higher impairment and recognition fair value losses in biological assets and forestry.

31. Unquoted Investments and /or Properties

There were no purchases or disposals of unquoted investments for financial year 2018.

32. Quoted Investments

There were no purchases of quoted investments for financial year 2018.



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33. Status of Corporate Proposals

There are no other corporate proposals announced for financial year 2018.

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

For the year 2018, there is an impairment and written off PPE as disclosed in Note 39.

35. Group Borrowings

As at 31 December 2018, total borrowings are as follows:

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Non-current		
Secured		
Flexi Term Financing-i	-	13,715
Commodity Murahabah Term Financing-i (THPS)	229,819	256,656
Commodity Murahabah Term Financing-I (PTPKP)	38,612	-
Unsecured		
SUKUK Murahabah		
Medium Term Notes	895,000	895,000
Term Financing	36,079	30,812
	1,199,510	1,196,183
Current		
Secured		
Flexi Term Financing-i	13,715	17,000
Commodity Murahabah Term Financing-I (THPS)	30,000	27,000
Unsecured		
Islamic Trade Financing-i	11,544	3,857
	55,259	47,857
Transfer to assets held for sale	(13,715)	-
	41,544	47,857
	1,241,054	1,244,040



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35. Group Borrowings (continued)

Maturity analysis

Tenure	Year of maturity	SUKUK	Other Financial Instruments	TOTAL	Foreign Currency denominated loan
		RM'000	RM'000	RM'000	USD'000
1-2 years	2019	-	55,259	55,259	-
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	30,819	175,819	2,323
9-10 years	2027	200,000	-	200,000	-
10-11 years	2028	-	-	-	-
11-12 years	2029	-	36,079	36,079	-
		895,000	321,157	1,216,157	9,323

36. 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.

37. Material Litigation

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



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38. Earnings/ (Loss) Per Share

		UNAUDITED FOURTH QUARTER		UNAUDITED CUMULATIVE	
		Current Year	Preceding Year	Current Year	Preceding Year
Basic earnings per share					
(Loss)/ Profit attributable to shareholders	RM'000	(578,237)	(28,272)	(594,608)	22,409
Weighted average number of ordinary shares in issue	000	883,851	883,851	883,851	883,851
Basic earnings/ (loss) per share	sen	(65.42)	(3.20)	(67.27)	2.54
Diluted earnings per share					
(Loss)/ Profit attributable to shareholders	RM'000	(578,237)	(28,272)	(594,608)	22,409
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	(65.42)	(3.20)	(67.27)	2.54



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39. Significant events

During 4Q2018, the Board had reassessed the Group's financial position and its Strategic Plan taking into account the changing market conditions and performance of certain plantation assets. The Board takes a view that the Group needed to consolidate its position and manage the balance sheet to improve its financial performance. Hence, the Board appointed two independent professional valuers to ascertain the value of the relevant assets. Consequently, based on the valuation reports the Group had recognised impairment in value, assets written off and written down amounting to RM446.83 million (2017: RM0.9 million). Significant and necessary judgment had been exercised in the undertaking of the impairment test to assess the recoverable value of its oil palm estates based on their values in use or other method. The impairment charges will not have a material adverse effect on the cash flow of the Group. Certain assets were reclassified as available for sale as stated in Note 19.

The total impairment, assets written off and/or written down amounting to RM446.83 million recognised in profit or loss for the financial year ended 31 December 2018 were mainly due to:

- 1) Planted areas in steep terrains which had been reduced due to incidences of landslides and erosion deemed not economical to be rehabilitated.
- 2) Goodwill from acquisition of subsidiaries which had been substantially impaired.
- 3) Cessation of greenfield development due to land issues with local communities.
- 4) Enforcement of NDPE (No Deforestation, Peat, Exploitation) Policy resulting in no further development on peat land bank.
- 5) Exceptional high annual rainfall which had caused serious flooding in low lying areas adversely affecting yields.
- 6) Substantial planted areas were gazetted as Native Communal Reserve ("NCR"). In mitigating the exposure, Land Lease Agreements ("LLA") had been entered with the natives. During the financial year, decision was made not to pursue with the remaining land owners who did not wish to participate in the LLA.

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 27 February 2019.

By Order of the Board
Aliatun binti Mahmud
LS0008841
Secretary

Kuala Lumpur
27 February 2019