



## Impairments behind TH Plantations' big loss

by FARA AISYAH / Graphic by TMR

TH PLANTATIONS Bhd remained in the red, reporting a net loss of RM578.24 million for the fourth quarter ended Dec 31, 2018 (4Q18), against the RM28.27 million net loss it made in 4Q17.

The result was affected by the impairments incurred by the group amounting to RM446.83 million, which were mainly from plantation assets which had been identified for divestment in the next 12 months.

In addition, TH Plantations also recognised a fair value loss in forestry of RM134.03 million due to a change in market conditions.

In total, the company recognised RM594.89 million of impairments, write-offs, write-downs and fair value changes for the financial year 2018 (FY18), which significantly impacted the group's bottom line.

TH Plantations CEO Muzmi Mohamed said the impairments are inevitable and are parts of the group's rationalisation plans moving forward.

"The persistently challenging operating conditions and weak performance had brought to light a pressing need to carefully review our position.

"Moving forward, we have identified several assets which we would like to divest in the near future. The group anticipates with this rationalisation exercise, it will be in a better financial position," he said in a release yesterday.

Based on its financial statements, the former plantation arm of Lembaga Tabung Haji's (TH) profitability for the quarter was affected by weaker prices, production and sales of crude palm oil (CPO) and palm kernel (PK).

Its revenue fell 33.25% year-on-year to RM118.62 million in 4Q18.

For FY18, TH Plantations posted a net loss of RM594.61 million compared to a net profit of RM22.41 million.

Its yearly revenue also dropped 24.52% to RM519.32 million from RM687.98 million in the previous year.

"Despite recording a 3% growth in fresh fruit bunches (FFB) production and a 4% decrease in operating costs, the impact of lower prices and lower volume of CPO and PK was much more significant," Muzmi noted in a statement yesterday.

"Excluding the impairments and one-off charges, the group registered a core loss of RM89.4 million," he added.

For FY18, the group produced a total of 910,316 per metric tonnes (MT) of FFB, but saw CPO output and sales decrease by 4% and 5% respectively compared to the previous year.

The average realised CPO selling price recorded for the year was RM2,121/MT, a 21% decrease against the price recorded last year, while the group's average realised PK price was RM1,709/MT, a 30% decrease from FY17.