

**EXPLANATORY NOTES FOR INTERIM FINANCIAL STATEMENTS FOR THE
FINANCIAL PERIOD ENDED 31 MARCH 2009**

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These 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 2008.

2. Adoption of revised Financial Reporting Standards (FRSs)

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

3. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2008 was not qualified.

4. Comments on seasonal or cyclical factors

The effects of seasonal or cyclical fluctuations, if any, are explained under Paragraphs 1 and 2 of Part B i.e. Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia below.

5. Unusual items due to their nature, size of incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2009.

6. Changes in estimates

There were no changes in estimates that have had a material impact in the current quarter results.

7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

Treasury shares

A total of 1,000 ordinary shares were repurchased from the open market for a total considerations of RM1,416 for the current financial quarter. The shares purchased are being held as treasury shares.

The number of treasury shares held as at 31 March 2009 is as follows:

	No. of shares	Amount (RM)
Balance as at 1 January 2009	4,594,100	5,349,267
Add : Purchase of treasury shares	1,000	1,416
	4,595,100	5,350,683
Less : Sale of treasury shares	-	-
Balance as at 31 March 2009	4,595,100	5,350,683

8. Dividends paid

There were no dividends paid in respect of the quarter ended 31 March 2009.

9. Segmental information

i) Business segments

First Quarter ended 31 March 2009

	Palm & Bio- Integration RM'000	Wood product manufacturing & trading & forestation RM'000	Cocoa manufacturing & trading RM'000	Consolidated RM'000
SEGMENT REVENUE	132,628	17,563	32,413	182,604
SEGMENT RESULTS	20,427	(944)	(47)	19,436
Unallocated expenses				(3,365)
Foreign exchange translation loss				(5,624)
Finance costs				(3,606)
Interest income				109
Share of profit of an associate				161
Share of pre-tax lossess of jointly controlled entities				(2,232)
Profit before taxation				4,879
Income taxes				(569)
Share of income taxes of jointly controlled entities				465
Profit for the Quarter				4,775
OTHER INFORMATION				
SEGMENTS ASSETS				
Investment in jointly controlled entities	849,376	300,678	183,526	1,333,580
Investment in associate				59,171
Unallocated assets				23,309
Consolidated total assets				82,380
				1,498,440

	Palm & Bio-Integration RM'000	Wood product manufacturing & trading & forestation RM'000	Cocoa manufacturing & trading RM'000	Consolidated RM'000
SEGMENT LIABILITIES				
Unallocated liabilities	355,163	78,253	135,479	568,895
Consolidated total liabilities				189,134
				758,029
OTHER SEGMENT INFORMATION				
Capital expenditure	35,717	1,041	819	37,577
Depreciation	5,127	1,329	214	6,670
Amortisation	806	36	5	847

ii) Geographical segments

	Total revenue from external customers RM'000	Segment Assets RM'000	Capital Expenditure RM'000
Malaysia	115,908	1,110,897	19,543
Europe	35,173	27,917	-
United States of America	1,021	7,653	-
Indonesia	24,647	351,973	18,034
Middle East	3,178	-	-
South West Pacific	1,744	-	-
Others	933	-	-
	182,604	1,498,440	37,577

10. Carrying amount of revalued assets

Valuations of land, buildings and plantations of the Group have been brought forward without amendment from the financial statements for the year ended 31 December 2008. The land, buildings and plantations of the Group were valued by the Directors in 1993 and 1998 based on professional appraisals by independent valuers using open market values on an existing use basis.

11. Changes in composition of the Group

Save as disclosed below, there were no other changes in the composition of the Group during the quarter ended 31 March 2009:

As announced, TSH had on 10 March 2009 acquired a company, namely Bioworld Enterprise Sdn. Bhd. ("Bioworld") comprising two (2) subscribers' shares of RM1.00 each for a total consideration of RM2.00. With the completion of the acquisition, Bioworld becomes a wholly-owned subsidiary of TSH.

12. Discontinued operation

There was no discontinued operation during the quarter ended 31 March 2009.

13. Capital commitments

The amount of commitments for capital expenditure as at 31 March 2009 is as follows:

	As at 31.03.2009 RM'000	As at 31.12.2008 RM'000
Approved and contracted for	75,882	97,714
Approved but not contracted for	5,535	13,703
	<u>81,417</u>	<u>111,417</u>

14. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2008.

15. Subsequent events

On 15 April 2009, a subsidiary of TSH, Bioworld acquired 100,000 ordinary shares of RM1 each, representing 100% equity interest in Bisa Jaya Sdn. Bhd. for a purchase consideration of RM21,532,369 inclusive of liabilities assumed of RM21,532,368.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

1. Performance review

For the current quarter, the Group recorded a decrease of 35.7% in revenue to RM182.6 million from RM284.1 million reported in the previous corresponding quarter. The Group posted a profit before taxation of RM4.9 million as compared to RM40.2 million in the previous corresponding quarter.

The unfavourable result is mainly attributed to the lower average price of CPO especially under our Palm Bio-Integration business segment. Unfavourable results were also noted in our Cocoa Manufacturing and Trading segment due to unfavourable movement of its commodity prices. The continuing adverse global economic conditions have also impacted our Wood Products segment. The overall result for this quarter was impacted by unrealised foreign exchange translation losses.

2. Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

The Group's revenue of RM182.6 million for the quarter under review was 3.6% higher than the immediate preceding quarter of RM176.2 million. The Group posted a profit before taxation of RM4.9 million as compared with a loss before taxation of RM29.8 million in the immediate preceding quarter. The overall result in the immediate preceding quarter was significantly impacted by unrealised foreign exchange translation losses as compared with the current quarter.

Profitability of Palm and Bio-Integration segment improved mainly due to higher CPO prices during the quarter under review. Cocoa Manufacturing and Trading business segment also declined due to lower throughput. The current global economic downturn continued to affect our Wood Products segment resulting in lower sales and loss.

3. Commentary on the prospects

Due to the current global economic downturn, the Group expects the business environment to remain challenging. However, we do see some tentative signs of recovery currently. Coupled with the upward trend of CPO prices lately, the general consensus is that the current CPO prices will sustain at its present level in the coming quarters. As such, the Group is expected to achieve reasonable level of profitability.

4. Profit forecast or profit guarantee

The Group is not involved in any profit guarantee arrangement or providing any forecast profit.

5. Income Tax Expense

	First quarter ended 31.03.2009 <u>RM'000</u>	First quarter ended 31.03.2008 <u>RM'000</u>
Current tax:		
Malaysian income tax	2,073	3,108
Foreign tax	-	-
(Over)/Under provision in prior year	-	-
Malaysian income tax	(4)	-
Foreign tax	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,500)	637
Over provision in prior year	-	-
Share of taxation of jointly controlled entities	(465)	2,103
	<u>104</u>	<u>5,848</u>

6. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and/or other properties during the financial quarter under review.

7. Quoted securities

There were no purchases or disposals of quoted securities during the financial quarter under review.

8. Corporate Proposals

a) Status of corporate proposals

As at the date of this report, the status of corporate proposal announced but not completed is as follows:

- i) As announced, TSH has on 4 June 2008 entered into a Sale and Purchase Agreement to acquire 100 ordinary shares of USD1.00 each, representing 100% of the entire issued and paid-up capital in Martinique Cove Pte. Ltd. ("Martinique") for a total purchase consideration of USD5,737,500 (approximately RM18,532,125 using an exchange rate of USD1.00 for RM3.23) from Cova International Pte. Ltd. ("the Vendor"). All liabilities of Martinique and PT Mitra shall be assumed by the Vendor.

Martinique is a private limited company incorporated in the Republic of Singapore on 26 July 2007 with an issued and paid-up share capital of USD100 comprising 100 ordinary shares of USD1.00 each. Martinique is an investment holding company whose only investment is a 90% equity shareholding in PT Mitra Jaya Cemerlang ("PT Mitra"). PT Mitra owns approximately 15,000 hectares of land with ijin lokasi status located in Desa Samba Katung, Samba Bakumpai, Telok, Petak Puti, Tewang Panjang, Tumbang Lahang, Kecamatan Katingan Tengah & Desa Tura, Tumbang Tanjung, Kecamatan Pulau Malan, Kabupaten Katingan, Provinsi Kalimantan Tengah.

PT Mitra has obtained the necessary licence to develop the land into oil palm plantation. As at the date of this report, the conversion of the land to "Hak Guna Usaha" ("HGU") and obtaining of Penanaman Modal Asing ("PMA"), which are both undertaken by the Vendor at their own expense, remain outstanding to date.

None of the Directors or substantial shareholders of TSH or any person connected to the Directors and substantial shareholders has any interest, direct or indirect, in the Proposed Acquisition.

b) Status of utilisation of proceeds

Not applicable.

9. Group Borrowings and Debt Securities

Comprised :

	As at 31.03.2009 RM'000	As at 31.12.2008 RM'000
Total Group borrowings		
- secured	301,277	172,756
- unsecured	222,581	294,978
Short term borrowings		
- secured	50,000	92,382
- unsecured	165,750	202,760
Long term borrowings		
- secured	251,277	80,374
- unsecured	56,831	92,218

All borrowings are denominated in Ringgit Malaysia, except for the following loans in the books of the subsidiaries as follows:

Subsidiaries	USD'000	RM'000 Equivalent
PT Andalas Agro Industri	2,068	7,542
PT Laras Internusa	11,680	42,597
PT Sarana Prima Multi Niaga	22,000	80,234
Jatoba International Pte Ltd	13,000	47,411
Total	48,748	177,784

10. Off balance sheet financial instruments

The Group had entered into the following forward foreign exchange and commodity futures contracts maturing within 1 year to hedge trade receivables and anticipated sales.

	Notional amount as at	
	31.03.2009 RM'000	31.12.2008 RM'000
Forward foreign exchange contracts	86,436	102,431
Commodity futures contracts	<u>128,167</u>	<u>107,907</u>
	<u>214,603</u>	<u>210,338</u>

11. Changes in material litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the Group for the current financial period.

12. Proposed Dividend

The Company did not declare any interim dividend for the current quarter ended 31 March 2009.

13. Earnings per share

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary shareholders of TSH Resources Berhad by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	<u>Quarter ended</u>		<u>YTD ended</u>	
	<u>31 March</u>		<u>31 March</u>	
	2009	2008	2009	2008
Net profit for the period/quarter (RM'000)	5,706	30,762	5,706	30,762
Weighted average number of ordinary shares in issue ('000)	408,997	412,772	408,997	412,772
Basic earnings per ordinary share (sen)	1.40	7.45	1.40	7.45

(b) Diluted earnings per share

	<u>Quarter ended</u>		<u>YTD ended</u>	
	<u>31 March</u>		<u>31 March</u>	
	2009	2008	2009	2008
Net profit for the period/quarter (RM'000)	5,706	30,762	5,706	30,762
Weighted average no. of ordinary shares in issue ('000)	408,997	412,772	408,997	412,772
Effect of ESOS ('000)	3,099	2,590	3,099	2,590
Weighted average no. of ordinary shares in issue ('000)	412,096	415,362	412,096	415,362
Diluted earnings per ordinary share (sen)	1.38	7.41	1.38	7.41

The diluted earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

The share options was calculated based on the number of shares which would have been acquired at the market price (average annual share price of the Company's share) based on the monetary value of the subscription rights attached to the outstanding share options. No adjustment is made to the net profit attributable to the shareholders for the share options calculation.

14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 May 2009.