

**Condensed Consolidated Statement of Comprehensive Income
For The Third Quarter Ended 30 September 2015**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To-date 30.09.2015 RM'000	Preceding Year Corresponding Year To-date 30.09.2014 RM'000
Revenue	181,383	246,946	593,569	835,874
Cost of sales	<u>(122,202)</u>	<u>(156,389)</u>	<u>(388,968)</u>	<u>(544,458)</u>
Gross profit	59,181	90,557	204,601	291,416
Other operating income	4,487	3,296	12,803	10,013
Other operating expenses	<u>(46,157)</u>	<u>(49,652)</u>	<u>(134,992)</u>	<u>(147,683)</u>
Operating profit	17,511	44,201	82,412	153,746
Finance costs	(2,925)	(2,856)	(10,949)	(12,516)
Share of profit of an associate	1,472	363	3,610	1,709
Share of (loss)/ profit of jointly controlled entities	<u>4,034</u>	<u>(1,608)</u>	<u>2,869</u>	<u>3,151</u>
Core profit before taxation	20,092	40,100	77,942	146,090
(Loss)/ Gain on foreign exchange	(71,315)	(6,453)	(105,274)	4,013
Profit/ (Loss) before taxation	<u>(51,223)</u>	<u>33,647</u>	<u>(27,332)</u>	<u>150,103</u>
Taxation	<u>1,740</u>	<u>(7,289)</u>	<u>(7,362)</u>	<u>(27,858)</u>
Profit/ (Loss) for the period	<u>(49,483)</u>	<u>26,358</u>	<u>(34,694)</u>	<u>122,245</u>
Other Comprehensive Income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences	82,112	(6,240)	89,617	(5,023)
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of net defined benefit liabilities	-	-	17	-
Other Comprehensive income for the period, net of tax	<u>82,112</u>	<u>(6,240)</u>	<u>89,634</u>	<u>(5,023)</u>
Total comprehensive income for the period	<u><u>32,629</u></u>	<u><u>20,118</u></u>	<u><u>54,940</u></u>	<u><u>117,222</u></u>
Profit/ (Loss) attributable to :				
Owners of the parent	(48,193)	24,281	(34,672)	111,832
Non-controlling interests	<u>(1,290)</u>	<u>2,077</u>	<u>(22)</u>	<u>10,413</u>
	<u>(49,483)</u>	<u>26,358</u>	<u>(34,694)</u>	<u>122,245</u>
Total comprehensive income attributable to :				
Owners of the parent	30,498	18,229	51,542	107,368
Non-controlling interests	<u>2,130</u>	<u>1,889</u>	<u>3,398</u>	<u>9,854</u>
	<u><u>32,629</u></u>	<u><u>20,118</u></u>	<u><u>54,940</u></u>	<u><u>117,222</u></u>
Earnings/ (Loss) per share attributable to equity holders of the Company				
Basic (sen)	(3.54)	1.80	(2.58)	8.31
Diluted (sen)	(3.54)	1.80	(2.58)	8.31

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014

TSH Resources Berhad (49548-D)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 30 September 2015

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	840,307	802,770
Biological assets	1,192,434	937,258
Land use rights	186,982	145,214
Intangible assets	60,102	47,207
Investments in associates	64,830	61,220
Investments in jointly controlled entities	73,767	85,898
Deferred tax assets	27,000	15,749
Other receivables	98,583	72,059
Investments securities	5,114	5,114
	<u>2,549,119</u>	<u>2,172,489</u>
Current assets		
Inventories	213,109	190,795
Trade and other receivables	143,381	163,995
Tax recoverable	13,260	3,360
Investments securities	30	37
Cash and bank balances	50,244	59,056
	<u>420,024</u>	<u>417,243</u>
TOTAL ASSETS	<u><u>2,969,143</u></u>	<u><u>2,589,732</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	672,706	672,706
Reserves	531,629	510,764
	<u>1,204,335</u>	<u>1,183,470</u>
Non-controlling interests	127,849	106,227
Total equity	<u>1,332,184</u>	<u>1,289,697</u>
Non-current liabilities		
Retirement benefits	14,852	13,486
Deferred income	47,890	47,890
Borrowings	553,909	466,511
Hire purchase payables	102	272
Deferred tax liabilities	92,208	65,976
	<u>708,961</u>	<u>594,135</u>
Current liabilities		
Borrowings	803,642	568,898
Hire purchase payables	835	933
Trade and other payables	121,356	120,985
Derivative liabilities	434	412
Current tax payable	1,731	14,672
	<u>927,998</u>	<u>705,900</u>
Total liabilities	<u>1,636,959</u>	<u>1,300,035</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,969,143</u></u>	<u><u>2,589,732</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014

TSH Resources Berhad (49548-D)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes In Equity
For The Third Quarter Ended 30 September 2015

	Attributable to owners of the parent						Distributable				
	Non-distributable			Non-distributable			Equity attributable to owners of the parent				
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Asset Revaluation Reserves RM'000	Capital Reserves RM'000	Employee Share Option Reserves RM'000	Foreign currency Translation Reserves RM'000	Retained Earnings RM'000	parent Total RM'000	Non-controlling Interests RM'000	Equity Total RM'000
At 1 January 2014	451,914	139,735	(12,259)	1,390	8,035	344	(152,094)	624,211	1,061,276	100,105	1,161,381
- prior year adjustment	-	-	-	-	-	-	-	(10,967)	(10,967)	(5,289)	(16,256)
- as restated	451,914	139,735	(12,259)	1,390	8,035	344	(152,094)	613,244	1,050,309	94,816	1,145,125
Profit for the year	-	-	-	-	-	-	-	111,831	111,831	10,414	122,245
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	(4,463)	-	(4,463)	(560)	(5,023)
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	(4,463)	-	(4,463)	(560)	(5,023)
Total comprehensive income for the period	-	-	-	-	-	-	(4,463)	111,831	107,368	9,854	117,222
Issue of ordinary shares	-	(37)	-	-	-	-	-	-	(37)	-	(37)
Purchase of treasury shares	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Dividends paid	-	-	-	-	-	-	-	(31,393)	(31,393)	-	(31,393)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(866)	(866)
At 30 September 2014	<u>451,914</u>	<u>139,698</u>	<u>(12,263)</u>	<u>1,390</u>	<u>8,035</u>	<u>344</u>	<u>(156,557)</u>	<u>693,682</u>	<u>1,126,243</u>	<u>103,804</u>	<u>1,230,047</u>
At 1 January 2015	672,706	1,301	(2)	1,390	11,593	181	(110,304)	606,605	1,183,470	106,227	1,289,697
Profit for the year	-	-	-	-	-	-	-	(34,673)	(34,672)	(22)	(34,694)
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	86,197	-	86,197	3,420	89,617
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	17	17	-	17
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	86,197	17	86,214	3,420	89,634
Total comprehensive income for the period	-	-	-	-	-	-	86,197	(34,655)	51,543	3,398	54,941
Adjustment of additional interest in subsidiaries	-	-	-	-	1,480	-	1,480	-	2,960	(1,480)	1,480
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	21,174	21,174
Purchase of treasury shares	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Dividends paid	-	-	-	-	-	-	-	(33,635)	(33,635)	-	(33,635)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(1,470)	(1,470)
At 30 September 2015	<u>672,706</u>	<u>1,301</u>	<u>(4)</u>	<u>1,390</u>	<u>13,073</u>	<u>181</u>	<u>(22,627)</u>	<u>538,314</u>	<u>1,204,335</u>	<u>127,849</u>	<u>1,332,184</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014

Condensed Consolidated Statement of Cash Flows
For The Third Quarter Ended 30 September 2015

	Individual Quarter		Cumulative Quarter	Cumulative Quarter
	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To-date 30.09.2015 RM'000	Current Year To-date 30.09.2014 RM'000
Cash Flows from Operating Activities				
Profit before taxation	(51,223)	33,647	(27,332)	150,103
Adjustments for :-				
Depreciation and amortisation of property, plant and equipment	13,440	11,798	38,829	34,247
Property, plant and equipment written off	3	50	17	112
Write back of impairment loss for property, plant and equipment	-	-	(2,306)	-
Amortisation of land use rights	1,961	1,850	5,552	5,464
Write back of impairment loss on inventories	(1)	-	(1,055)	1,129
Loss/ (Gain) on fair value changes on quoted investment	3	-	6	(7)
Gain on disposal of property, plant and equipment	(6)	(645)	(284)	(1,236)
Allowance/ (Write back) of impairment loss on trade & other receivable	(1,250)	220	(2,999)	72
Amortisation of deferred income	-	(1,229)	-	(3,686)
Net unrealised foreign exchange loss / (gain)	71,411	4,185	105,867	(1,252)
Fair value loss of the commodity future contract	(484)	881	(288)	1,086
Share of loss of jointly controlled entities	(4,034)	1,608	(2,869)	(3,151)
Share of profit of an associate	(1,472)	(363)	(3,610)	(1,709)
Interest expense	2,925	2,856	10,949	12,515
Interest income	(279)	(527)	(1,062)	(1,089)
Dividend income	-	(62)	(3)	(1,223)
Operating profit before working capital changes	<u>30,994</u>	<u>54,269</u>	<u>119,412</u>	<u>191,375</u>
Changes in working capital				
Inventories	(14,347)	(7,929)	(17,105)	(4,600)
Receivables	(8,113)	(11,070)	(7,420)	(15,418)
Payables	<u>(1,679)</u>	<u>(519)</u>	<u>(41,788)</u>	<u>(4,793)</u>
Cash generated from operations	6,855	34,751	53,099	166,564
Interest paid	(10,494)	(7,614)	(31,962)	(26,976)
Income tax paid	<u>(11,777)</u>	<u>(4,271)</u>	<u>(36,150)</u>	<u>(14,209)</u>
Net cash (utilised in)/ generated from operating activities	<u>(15,416)</u>	<u>22,866</u>	<u>(15,013)</u>	<u>125,379</u>
Cash Flows from Investing Activities				
Acquisition of subsidiary	814	-	(29,751)	-
Additional investment in subsidiary company	-	-	(1,072)	-
Placement/ (Withdrawal) of fund from investment securities	-	44,036	307	88,749
Purchase of property, plant and equipment	(12,926)	(31,606)	(57,505)	(83,872)
Payment for oil palm planting expenditure	(35,257)	(42,344)	(101,329)	(103,460)
Payment of forest planting expenditure	(5,741)	(3,904)	(11,961)	(10,745)
Placement of pledged deposits	(0)	4	66	5
Proceeds from disposal of property, plant and equipment	343	641	3,210	10,705
Interest received	279	527	1,062	1,089
Net dividends received	-	62	3	1,223
Dividend received from jointly controlled entity	-	-	15,000	-
Net cash used in investing activities	<u>(52,488)</u>	<u>(32,584)</u>	<u>(181,970)</u>	<u>(96,306)</u>
Cash Flows from Financing Activities				
Shares issuance expense	-	(37)	-	(37)
Purchase of treasury shares	-	-	(2)	(4)
Net movement in term loans/commercial papers/medium term notes	48,191	(6,994)	163,935	(10,735)
Placement of fixed deposit with financial institution	-	-	-	-
Net movement in other borrowings	23,754	15,359	60,268	15,793
Net movement in hire purchase payables	(268)	(471)	(268)	1,387
Dividends paid to non-controlling interests	-	(866)	(1,470)	(866)
Dividends paid	-	-	(33,635)	(31,393)
Net cash generated from / (used in) financing activities	<u>71,677</u>	<u>6,991</u>	<u>188,828</u>	<u>(25,855)</u>
Net increase / (decrease) in cash and cash equivalents	3,773	(2,727)	(8,155)	3,218
Cash and cash equivalents at beginning of period/ year	42,212	55,392	54,968	50,574
Effect of foreign exchange rate changes	(2,082)	(922)	(4,429)	(987)
Effect of foreign exchange rate changes on cash and cash equivalents	<u>4,306</u>	<u>777</u>	<u>5,825</u>	<u>(285)</u>
Cash and cash equivalents at end of period/ year	<u><u>48,209</u></u>	<u><u>52,520</u></u>	<u><u>48,209</u></u>	<u><u>52,520</u></u>

EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group’s audited financial statement for the financial year ended 31 December 2014.

These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014 except for the following Amendments to FRSS and Annual improvement which take effect from 1 January 2015.

Description	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans:	
Employee Contributions	1 July 2014
Annual Improvements to FRS 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRS 2011 – 2013 Cycle	1 July 2014

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework has been applied by all entities other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

2. Significant accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

Transitioning Entities would be allowed to defer adoption of the new MFRS framework and continue to use the existing Financial Reporting Standards framework until the MFRS Framework is mandated by the MASB. According to an announcement made by the MASB on 8 September 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the period ended 30 September 2015 could be different if prepared under the MFRS Framework.

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 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 Main Market Listing Requirements of Bursa Securities below.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2015.

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

The cumulative shares bought back are currently held as treasury shares. The number of treasury shares held as at 30 September 2015 is as follows:

	No. of shares	Amount (RM)
Balance as at 1 January 2015	1,000	2,304
Add : Purchase of treasury shares	1,000	2,293
	2,000	4,597
Less : Sale of treasury shares	-	-
Balance as at 30 September 2015	2,000	4,597

8. Dividends paid

There were no dividends paid during the quarter ended 30 September 2015.

9. Segmental information

i) Business segments

Cumulative Quarter ended 30 September 2015

	Palm Product RM'000	Wood product manufacturing & forestation RM'000	Bio-Integration & Others RM'000	Consolidated RM'000
SEGMENT REVENUE	521,596	28,213	43,760	593,569
SEGMENT RESULTS	88,226	(2,665)	22,356	107,917
Unallocated expenses				(25,505)
Loss on foreign exchange				(105,274)
Finance costs				(10,949)
Share of profit of an associate				3,610
Share of profit of jointly controlled entities				2,869
Loss before taxation				(27,332)
Income taxes				(7,362)
Cumulative loss up to 30 September 2015				(34,694)
OTHER INFORMATION				
SEGMENTS ASSETS	1,998,612	337,330	403,894	2,739,835
Investment in jointly controlled entities				73,767
Investment in associate				64,830
Unallocated assets				90,711
Consolidated total assets				2,969,143
SEGMENT LIABILITIES	727,350	20,173	85,853	833,376
Unallocated liabilities				803,582
Consolidated total liabilities				1,636,958

ii) Geographical segments

	Total revenue from external customers RM'000	Segment Assets RM'000
Malaysia	344,213	1,334,340
Europe	5,286	8,343
United States of America	30,241	5,359
Indonesia	205,340	1,619,997
South West Pacific	3,967	-
Others	4,522	1,104
Total	593,569	2,969,143

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 2014. The land, buildings and plantations of the Group were valued by the Directors in 1993 based on professional appraisals by an independent valuer using open market values on an existing use basis.

11. Changes in composition of the Group

- a) PT Aramico Komoditi (“PTAK”), a 74.42% owned subsidiary of the Company has been placed under voluntary winding-up in accordance with the laws in Indonesia since 26 October 2011. The voluntary winding-up of PTAK is currently pending final completion.
- b) Afromal Cocoa Limited (“Afromal”), a dormant and wholly-owned subsidiary of CocoaHouse Sdn. Bhd., which in turn is a wholly-owned subsidiary of TSH has on 13 December 2013 commenced a voluntary winding-up in accordance with the laws of Accra, Ghana. The voluntary winding-up of Afromal is currently pending final completion.
- c) On 14 July 2014, the Company entered into a Share Sale Agreement (“SSA”) to acquire 2 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital in Icon Field Ventures Sdn. Bhd. (“Icon”) for a total purchase consideration of USD7,650,000 (approximately RM24,480,000 based on an exchange rate of USD1.00 for RM3.20) from Wingate Consolidation Limited.

Icon is a private limited company, incorporated in Malaysia on 9 June 2014 with an issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. Icon would be the beneficial owner of 90% of the entire share capital of PT Prima Usaha Sukses (“PTPUS”).

On 5 January 2015, all conditions precedent pertaining to the acquisition of Icon had been fulfilled by both parties and the acquisition of Icon is completed. Icon and PTPUS are now subsidiaries of the Company.

- d) On 24 December 2014, the Company entered into a Share Sale Agreement (“SSA”) to acquire 70,000 ordinary shares of RM1.00 each, representing the 70% of the issued and paid-up share capital in Rinukut Sdn. Bhd. (“RSB”) for a purchase consideration of RM18,600,000 from TSH Ventures Sdn. Bhd.

RSB is a private limited company, incorporated in Malaysia on 29 August 2012 with an issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each. RSB is the beneficial owner of 60% of the entire share capital of Rinukut Plantations Sdn. Bhd. (“RPSB”).

On 23 January 2015, all conditions precedent pertaining to the acquisition of RSB had been fulfilled by both parties. RSB and RPSB are now subsidiaries of the Company.

- e) On 17 April 2015, the Company acquired one shelf company, namely Restu Muhibbah Sdn. Bhd. (“RMSB”) comprising two subscribers’ shares of RM1.00 each for a total consideration of RM2.00. With the completion of the acquisition, RMSB becomes a wholly-owned subsidiary of the Company. On 30 April 2015, RMSB changed its name to TSH Sukuk Murabahah Sdn. Bhd.

- f) On 18 September 2015, Bisa Jaya Sdn Bhd (“BJSB”), a wholly-owned sub-subsidiary of the Company, made an application to the Companies of Malaysia (“CCM”) to strike-off its name from the Register of the CCM.

BJSB is a wholly-owned subsidiary of BioWorld Enterprise Sdn. Bhd., which in turn is a wholly-owned subsidiary of TSH. BJSB has not carried on business and has no intention to carry on any business in the future.

The striking-off of BJSB has no material effect on the earnings per share and net assets of the TSH group for the financial year ending 31 December 2015.

12. Discontinued operation

There was no discontinued operation during the quarter ended 30 September 2015.

13. Capital commitments

The amount of commitments for capital expenditure as at 30 September 2015 is as follows:

	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000
Approved and contracted for	20,316	12,753
Approved but not contracted for	14,108	15,478
	<u>34,424</u>	<u>28,231</u>
Balance of purchase price for new subsidiaries	-	35,464
	<u>34,424</u>	<u>63,695</u>

14. Changes in contingent liabilities or contingent assets

	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000
Guarantee given to PT. Bank CIMB Niaga, TBK, to secure loan for Pembangunan Kebun Kelapa Sawit Plasma under a Plasma Scheme	<u>17,381</u>	<u>16,356</u>

15. Material related party transactions

Significant transactions between the Group and its jointly controlled entities are as follows:

	9 months ended 30 September 2015 RM'000
Sales of crude palm oil	267,028
Sales of palm kernel	46,486

16. Subsequent events

- a) On 28 October 2015, the Company announce that TSH Sukuk Murabahah Sdn. Bhd. (formerly known as Restu Muhibbah Sdn. Bhd.), a wholly owned subsidiary of TSH has undertaken an Islamic Commercial Paper Programme and an Islamic Medium Term Note Programme. All documents have been completed as of 27 October 2015.
- b) On 5 November 2015, the following wholly-owned subsidiaries of the Company, made applications to the Companies of Malaysia (“CCM”) to strike-off their names from the Register of the CCM.
 - i. Ekowood Energy Sdn. Bhd.
 - ii. TSH BioDiesel Sdn. Bhd.
 - iii. Eko Paper International Sdn. Bhd.
 - iv. Bioworld Enterprise Sdn. Bhd.

Save and except for BioWorld Enterprise Sdn. Bhd. which had ceased operation in September 2015, all the other wholly-owned subsidiaries have not commenced business since the date of incorporation. The Subsidiaries have no intention to carry on any business in the future.

The striking-off of Subsidiaries has no material effect on the earnings per share and net assets of the Group for the financial year ending 31 December 2015.

- c) On 11 November 2015, the Company entered into a Memorandum Of Understanding (“MOU”) with the State of Sabah Government (“SFD”) .

Pursuant to the MOU, the Company shall surrender part of Ulu Tungud Forest Reserve (Meliau Range) measuring approximately 28,375 hectares comprising area measuring approximately 22,932 hectares in the East of Ulu Tungud Forest Reserve (Meliau Range) and area measuring approximately 5,443 hectares in the middle of Ulu Tungud Forest (Meliau Range) for the purpose of establishing a Class 1 Forest Reserves within the Ulu Tungud Forest Reserve (Meliau Range).

Upon re-classification of the above area as Class 1 Forest Reserves, both areas will thereafter be jointly managed by a newly established management committee to be formed by SFD and the Company.

The MOU will not have any effect on the share capital and substantial shareholders’ shareholdings structure of the Company .

It will not have any material impact on the net asset and earnings of the Group for the financial year ending 31 December 2015.

It is also not subject to the approval of the shareholders of the Company or any regulatory authorities.

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

1. Performance review

The Group's revenue for the 3th Qtr 2015 and current year-to-date were RM 181.4 million and RM 593.6 million respectively compared to RM 246.9 million and RM 835.9 million for the preceding year corresponding period.

Core profit before taxation for this quarter and current year to date amounted to RM 20.1 million and RM 77.9 million respectively against RM 40.1 million and RM 146.1 million for the preceding year corresponding periods mainly due to lower average CPO selling price and lower crop production.

Similarly, the adverse variance in profit/ (loss) before taxation for the quarter and current year to date compared to preceding year corresponding period mainly attributed to lower core profits before taxation and higher unrealised foreign translation losses.

Palm Product

For Q3, 2015, this segment reported a lower operating profit of RM 20.1 million due to lower crop production of 152,768 metric tonnes compared to 163,646 metric tonnes in Q3, 2014 and lower average CPO price of RM 1,987 per MT which was the lowest among the first 3 quarters of 2015. Generally, FFB yield during Q3, 2015 remained low due to the haze conditions and dry season impact in Kalimantan. While the continuing high CPO stock levels and slowing global demand resulted in the reduction in CPO price.

For the year to date, average CPO selling price reduced from RM 2,393 in 2014 to RM 2,099 per MT. FFB production also decreased from 483,048 metric tonnes in 2014 to 449,988 metric tonnes. Both these adverse factors primarily resulted in lower operating profit of RM 88.2 million.

Wood Product Manufacturing

For Q3, 2015, wood product segment achieved lower revenue of RM10.1 million and higher operating loss of RM 1.7 million mainly due to lower selling price and unfavourable sale mix. For the year to date, this segment reported an operating loss of RM 2.7 million compared to marginal loss in 2014, mainly attributed to recognition of deferred investment capital grant in respect of the carbon credit in 2014.

Bio integration and Other

For Q3, 2015, this segment reported revenue and operating profit of RM 14.0 million and RM 7.3 million respectively which were marginally lower than RM 14.7 million and RM 7.6 million for the preceding year corresponding quarter. For the year to-date, operating profit was lower compared to preceding year corresponding period mainly due to lower sale of cocoa products.

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

For the Q3, 2015 the Group registered revenue of RM 181.4 million compared with the immediate preceding quarter of RM 206.2 million. Core profit before taxation for this quarter was RM 20.1 million against RM 26.4 million for the preceding quarter. Lower profit was mainly attributed to lower profit contribution from palm division due to lower average CPO price and FFB production. The adverse variance in profit before tax was due to lower core profit before taxation and higher unrealised foreign translation loss.

3. Commentary on the prospects

CPO is currently trading at around RM 2,200 level. Price has weakened since the beginning of the year driven by the weak demand, ample supply and declining prices of competitive edible oil. Given the current scenario of a weak economy in China and an ample supply of palm oil as well as other competitive vegetable oil, CPO price is likely to remain at current level till end of the year.

The Board remains optimistic on the long term prospect of the palm oil industry and will continue to focus on oil palm planting programme in Indonesia and Malaysia. While FFB production is expected to increase in the next quarter, the Board is nonetheless mindful of the longer term impact of unfavourable weather in 2015 on FFB yield going forward. Nonetheless palm products segment which accounts for more than 80% of the revenue and profit for the Group will remain a significant contributor to Group profit.

4. Profit forecast or profit guarantee

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

5. Profits Before Tax

The following (gain)/loss have been included in arriving at profit before tax:

	Quarter 30.9.2015 <u>RM'000</u>	Year to date 30.9.2015 <u>RM'000</u>
Interest income	(279)	(1,062)
Interest expenses	2,925	10,949
Dividend income	-	(3)
Rental income	(510)	(2,448)
Depreciation and amortization	15,401	44,381
Fair value (gain)/loss on derivatives		
- Forward currency contracts	178	311
- Commodity future contracts	(484)	(288)
Net foreign exchange (gain)/ loss		
- Realised	(264)	(761)
- Unrealised	71,233	105,556
Property, plant and equipment written off	3	17
Gain on disposal of property, plant and equipment	(6)	(284)
Allowance of / (Write back) of impairment loss on trade and other receivables	1,250	(2,999)
Write back of impairment loss for property, plant & equipment	-	(2,306)
Write back of impairment loss on inventories	(1)	(1,055)

6. Income Tax Expense

	Quarter 30.9.2015 <u>RM'000</u>	Year to date 30.9.2015 <u>RM'000</u>
Current tax:		
Malaysian income tax	2,038	10,670
Foreign tax	197	6,973
(Over)/Under provision in prior year		
Malaysian income tax	(1,919)	(1,918)
Foreign tax	-	(1,179)
Deferred tax:		
Relating to origination and reversal of temporary differences	(2,056)	(10,568)
Under provision in prior year	-	3,384
	<u>(1,740)</u>	<u>7,362</u>

After adjusting certain non deductible unrealised translation losses, the effective tax rate of the Group for the financial year-to date is lower than the statutory tax rate due to the reversal of prior years' tax provision not required.

7. Corporate proposals

There was no corporate proposal announced at the date of this quarterly report.

8. Group Borrowings and Debt Securities

Comprised:

	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000
Total Group borrowings		
- secured	679,938	582,319
- unsecured	677,613	453,090
Short term borrowings		
- secured	126,029	115,808
- unsecured	677,613	453,090
Long term borrowings		
- secured	553,909	466,511

8. Group Borrowings and Debt Securities (continued)

All borrowings are denominated in Ringgit Malaysia, except for the following loans:

	Foreign currencies (’000)	RM Equivalent (’000)
EURO	19	95
USD	128,117	563,136
AUD	33	102
Total		<u>563,333</u>

9 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 year.

10. Proposed Dividend

The Company did not declare any interim dividend for the current quarter ended 30 September, 2015.

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share amounts is 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>30 September</u>		<u>YTD ended</u> <u>30 September</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Net (loss)/ profit for the quarter/ year (RM’000)	(48,193)	24,281	(34,672)	111,832
Weighted average number of ordinary shares in issue (’000)	1,345,411	1,345,413	1,345,412	1,345,413
Basic earnings/ (loss) per ordinary share (sen)	(3.54)	1.80	(2.58)	8.31

The weighted average number of shares for 2014 takes into account of the following:

- a) the weighted average effect of changes in treasury shares transactions during the year.
- b) bonus issue of 448,470,810 new ordinary shares of RM 0.50 each.

(b) Diluted earnings per share

This is not applicable to the Group

12. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 30 September 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at end of current quarter 30.9.2015 RM'000	As at end of preceding Year 31.12.2014 RM'000
Total retained profits of TSHR and its Subsidiaries		
- Realised	772,214	696,804
- Unrealised	(204,022)	(151,754)
	568,192	545,050
Total share of retained profits from associated Company		
- Realised	15,944	11,486
- Unrealised	(4,478)	(3,490)
Total share of retained profits from jointly controlled entities		
- Realised	58,403	70,166
- Unrealised	(5,231)	(6,554)
Add: Consolidation adjustments	632,830 (94,516)	616,658 (10,053)
Total group retained profits as per consolidated accounts	538,314	606,605

13. 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 18 November 2015.