

**Condensed Consolidated Statement of Comprehensive Income
For The Fourth Quarter Ended 31 December 2015**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2015 RM'000	Restated Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year To-date 31.12.2015 RM'000	Restated Preceding Year Corresponding Year To-date 31.12.2014 RM'000
Revenue	205,287	235,172	798,855	1,071,045
Cost of sales	<u>(118,971)</u>	<u>(167,177)</u>	<u>(507,939)</u>	<u>(711,634)</u>
Gross profit	86,316	67,995	290,916	359,411
Other operating income	5,224	16,089	18,028	26,103
Other operating expenses	<u>(57,494)</u>	<u>(52,689)</u>	<u>(191,934)</u>	<u>(200,373)</u>
Operating (loss)/ profit	34,046	31,395	117,010	185,141
Finance costs	(5,520)	(2,463)	(16,469)	(14,979)
Share of profit of an associate	1,286	40	4,896	1,748
Share of profit of jointly controlled entities	<u>4,869</u>	<u>2,010</u>	<u>7,737</u>	<u>5,161</u>
Core (loss)/ profit before taxation	34,681	30,982	113,174	177,071
(Loss)/ Gain on foreign exchange	21,428	(13,373)	(83,846)	(9,360)
Gain on fair value changes on biological asset	27,943	19,741	27,943	19,741
Loss on discontinued business	(138,580)	-	(139,133)	-
(Loss)/ Profit before taxation	<u>(54,528)</u>	<u>37,350</u>	<u>(81,862)</u>	<u>187,452</u>
Taxation	<u>(8,801)</u>	<u>(9,367)</u>	<u>(16,163)</u>	<u>(37,225)</u>
(Loss)/ Profit for the period	<u>(63,329)</u>	<u>27,983</u>	<u>(98,025)</u>	<u>150,227</u>
Other Comprehensive Income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences	44,312	48,495	133,929	43,473
Asset Revaluation Reserve	127,779	-	127,779	-
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of net defined benefit liabilities	3,653	(1,283)	3,671	(1,283)
Income tax effect	<u>(913)</u>	<u>402</u>	<u>(913)</u>	<u>402</u>
Other Comprehensive income for the period, net of tax	<u>174,831</u>	<u>47,614</u>	<u>264,466</u>	<u>42,592</u>
Total comprehensive income for the period	<u>111,502</u>	<u>75,597</u>	<u>166,441</u>	<u>192,819</u>
Profit/ (Loss) attributable to :				
Owners of the parent	(64,324)	26,936	(98,997)	138,767
Non-controlling interests	<u>995</u>	<u>1,047</u>	<u>972</u>	<u>11,460</u>
	<u>(63,329)</u>	<u>27,983</u>	<u>(98,025)</u>	<u>150,227</u>
Total comprehensive income attributable to :				
Owners of the parent	97,428	72,307	148,969	179,675
Non-controlling interests	<u>14,074</u>	<u>3,290</u>	<u>17,472</u>	<u>13,144</u>
	<u>111,502</u>	<u>75,597</u>	<u>166,441</u>	<u>192,819</u>
Earnings/ (Loss) per share attributable to equity holders of the Company				
Basic (sen)	(4.78)	2.00	(7.36)	10.31
Diluted (sen)	(4.78)	2.00	(7.36)	10.31

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 31 December 2015

	As at 31.12.2015 RM'000	Restated As at 31.12.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	829,043	802,770
Biological assets	1,381,842	1,021,464
Land use rights	188,086	145,214
Intangible assets	59,462	47,207
Investments in associates	66,116	61,220
Investments in jointly controlled entities	78,635	85,898
Deferred tax assets	22,477	15,749
Other receivables	108,258	72,059
Investments securities	5,064	5,114
	<u>2,738,983</u>	<u>2,256,695</u>
Current assets		
Inventories	217,174	190,795
Trade and other receivables	145,622	163,995
Tax recoverable	17,188	3,360
Investments securities	27	37
Cash and bank balances	57,375	59,056
	<u>437,386</u>	<u>417,243</u>
TOTAL ASSETS	<u><u>3,176,369</u></u>	<u><u>2,673,938</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	672,706	672,706
Reserves	693,049	574,760
	<u>1,365,755</u>	<u>1,247,466</u>
Non-controlling interests	141,620	106,227
Total equity	<u><u>1,507,375</u></u>	<u><u>1,353,693</u></u>
Non-current liabilities		
Retirement benefits	11,704	13,486
Deferred income	5	47,890
Borrowings	510,113	466,511
Hire purchase payables	-	272
Deferred tax liabilities	153,136	86,186
	<u>674,958</u>	<u>614,345</u>
Current liabilities		
Borrowings	875,009	568,898
Hire purchase payables	618	933
Trade and other payables	116,610	120,985
Derivative liabilities	-	412
Current tax payable	1,799	14,672
	<u>994,036</u>	<u>705,900</u>
Total liabilities	<u><u>1,668,994</u></u>	<u><u>1,320,245</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,176,369</u></u>	<u><u>2,673,938</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

	Non-distributable						Distributable				
	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	Equity attributable to owners of the parent 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)	613,243	1,050,308	94,816	1,145,124
- prior year adjustment	-	-	-	-	-	-	-	48,993	48,993	-	48,993
- as restated	451,914	139,735	(12,259)	1,390	8,035	344	(152,094)	662,236	1,099,301	94,816	1,194,117
Profit for the year	-	-	-	-	-	-	-	138,767	138,767	11,460	150,227
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	41,789	-	41,789	1,684	43,473
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	(881)	(881)	-	(881)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	41,789	(881)	40,908	1,684	42,592
Total comprehensive income for the period	-	-	-	-	-	-	41,789	137,886	179,675	13,144	192,819
Issue of ordinary shares	-	(63)	-	-	-	-	-	-	(63)	-	(63)
Issue of bonus shares	224,236	(138,371)	-	-	-	-	-	(85,865)	-	-	-
Grant of equity-settled share options to employees by an associate	-	-	-	-	115	(163)	-	-	(48)	-	(48)
Cancellation of treasury shares	(3,444)	-	12,263	-	3,444	-	-	(12,263)	-	-	-
Purchase of treasury shares	-	-	(6)	-	-	-	-	-	(6)	-	(6)
Dividends paid	-	-	-	-	-	-	-	(31,393)	(31,393)	-	(31,393)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(1,733)	(1,733)
At 31 December 2014	<u>672,706</u>	<u>1,301</u>	<u>(2)</u>	<u>1,390</u>	<u>11,594</u>	<u>181</u>	<u>(110,305)</u>	<u>670,601</u>	<u>1,247,466</u>	<u>106,227</u>	<u>1,353,693</u>
At 1 January 2015	672,706	1,301	(2)	1,390	11,594	181	(110,305)	606,605	1,183,470	106,227	1,289,697
- prior year adjustment	-	-	-	-	-	-	-	63,996	63,996	-	63,996
- as restated	672,706	1,301	(2)	1,390	11,594	181	(110,305)	670,601	1,247,466	106,227	1,353,693
Profit for the year	-	-	-	-	-	-	-	(98,997)	(98,997)	972	(98,025)
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	128,907	-	128,907	5,022	133,929
Asset Revaluation Reserve	-	-	-	116,301	-	-	-	-	116,301	11,478	127,779
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	2,758	2,758	-	2,758
Other comprehensive income for the year, net of tax	-	-	-	116,301	-	-	128,907	2,758	247,966	16,500	264,466
Total comprehensive income for the period	-	-	-	116,301	-	-	128,907	(96,239)	148,969	17,472	166,441
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	-	-	(5)	-	-	-	-	-	(5)	-	(5)
Dividends paid	-	-	-	-	-	-	-	(33,635)	(33,635)	-	(33,635)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(1,773)	(1,773)
At 31 December 2015	<u>672,706</u>	<u>1,301</u>	<u>(7)</u>	<u>117,691</u>	<u>13,074</u>	<u>181</u>	<u>20,082</u>	<u>540,727</u>	<u>1,365,755</u>	<u>141,620</u>	<u>1,507,375</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 Fourth Quarter Ended 31 December 2015

	Individual Quarter		Cumulative Quarter	Cumulative Quarter
	Current Year Quarter 31.12.2015 RM'000	Restated Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year To-date 31.12.2015 RM'000	Restated Current Year To-date 31.12.2014 RM'000
Cash Flows from Operating Activities				
(Loss)/ Profit before taxation	(54,528)	37,350	(81,862)	187,452
Adjustments for :-				
Depreciation and amortisation of property, plant and equipment	14,112	5,525	52,940	39,772
Property, plant and equipment written off	138,272	10	138,288	122
Write back of impairment loss for property, plant and equipment	-	2,068	(2,306)	2,068
Amortisation of land use rights	2,016	(854)	7,568	4,611
Write back of impairment loss on inventories	54	2,701	(1,001)	3,829
Loss/ (Gain) on fair value changes on quoted investment	3	28	10	21
Gain on disposal of property, plant and equipment	(2,235)	(4,277)	(2,520)	(5,512)
Allowance/ (Write back) of impairment loss on trade & other receivable	46	2,100	(2,953)	2,170
Fair value loss on sundry and plasma receivables	-	3,581	-	3,581
Gain from change in fair value of biological assets	(27,943)	(19,741)	(27,943)	(19,741)
Amortisation of deferred income	-	(8,129)	-	(11,815)
Net unrealised foreign exchange loss / (gain)	(20,989)	7,375	84,878	6,123
Fair value loss of the commodity future contract	120	225	(168)	1,311
Share of loss of jointly controlled entities	(4,869)	(2,010)	(7,737)	(5,161)
Share of profit of an associate	(1,286)	(39)	(4,896)	(1,748)
Impairment loss on goodwill	-	4,500	-	4,500
Interest expense	5,520	2,463	16,469	14,978
Interest income	(174)	(1,154)	(1,236)	(2,243)
Dividend income	(35)	23	(38)	(1,201)
Operating profit before working capital changes	48,084	31,745	167,493	223,117
Changes in working capital				
Inventories	(3,727)	788	(20,832)	(4,170)
Receivables	(11,686)	(15,972)	(19,106)	(31,032)
Payables/ Retirement Benefit	(2,086)	(5,908)	(43,874)	(10,699)
Cash generated from operations	30,585	10,653	83,681	177,216
Interest paid	(15,853)	(8,515)	(47,815)	(35,490)
Income tax paid	(8,925)	(8,666)	(45,075)	(22,875)
Net cash (utilised in)/ generated from operating activities	5,807	(6,528)	(9,209)	118,851
Cash Flows from Investing Activities				
Acquisition of subsidiary	(1,479)	-	(31,230)	-
Additional investment in subsidiary company	-	-	(1,072)	-
Withdrawal/ (Placement) of fund from investment securities	(9)	(148)	298	88,601
Purchase of property, plant and equipment	(20,270)	(36,380)	(77,775)	(120,252)
Payment for oil palm planting expenditure	(29,139)	(34,137)	(130,468)	(137,596)
Payment of forest planting expenditure	(3,156)	(11,140)	(15,117)	(21,885)
Placement of pledged deposits	-	(175)	66	(170)
Proceeds from disposal of property, plant and equipment	7,754	228	10,964	10,933
Net proceeds from disposal of other investment	50	-	50	-
Interest received	174	1,154	1,236	2,243
Net dividends received	35	(23)	38	1,201
Dividend received from jointly controlled entity	-	-	15,000	-
Net cash used in investing activities	(46,040)	(80,621)	(228,010)	(176,925)
Cash Flows from Financing Activities				
Shares issuance expense	-	(26)	-	(63)
Purchase of treasury shares	(2)	(2)	(4)	(6)
Net movement in term loans/commercial papers/medium term notes	(122,773)	(51,730)	41,163	(62,465)
Net movement in other borrowings	168,615	143,989	228,882	159,782
Net movement in hire purchase payables	(320)	(2,048)	(588)	(661)
Dividends paid to non-controlling interests	(303)	(866)	(1,773)	(1,733)
Dividends paid	-	-	(33,635)	(31,393)
Net cash generated from / (used in) financing activities	45,217	89,317	234,045	63,461
Net increase / (decrease) in cash and cash equivalents	4,984	2,168	(3,174)	5,387
Cash and cash equivalents at beginning of period/ year	48,207	52,520	54,968	50,574
Effect of foreign exchange rate changes	314	(2,168)	(4,116)	(3,155)
Effect of foreign exchange rate changes on cash and cash equivalents	124	2,449	5,951	2,163
Cash and cash equivalents at end of period/ year	53,629	54,969	53,629	54,969

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

**EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31
DECEMBER 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. Changes in 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. Changes in Accounting Policies (continued)

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. 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/year ended 31 December 2015 could be different if prepared under the MFRS Framework.

Voluntary Change in Accounting policy for Forest Plantation Expenditure (FRSIC Consensus 12)

In the prior financial years, industrial tree plantation was measured at cost and included as forest plantation expenditure. During the current year ended 31 December, 2015, this policy has been changed to reflect the industrial tree plantation at its fair value with changes in fair value recognised in profit or loss. This voluntary change in policy is an appropriate reflection of the change in the Group's business model objective of managing tree plantation for its fair value changes.

The change in accounting policy has been applied retrospectively as on 1 January 2014 which is the earliest date for which the retrospective application is practicable. The effects of the change in policy are disclosed together with the effect in Note 3 and Note 11(ii) Part A.

3. Comparatives

The following comparatives amounts have been restated due to the change of accounting policy.

	As previously stated <u>RM'000</u>	Adjustment <u>RM'000</u>	As restated <u>RM'000</u>
At 1 January, 2014			
Retained Profits	<u>613,243</u>	<u>48,993</u>	<u>662,236</u>
As at 31 December, 2014			
Biological Assets	<u>937,258</u>	<u>84,206</u>	<u>1,021,464</u>
Deferred Tax Liabilities	<u>65,976</u>	<u>20,210</u>	<u>86,186</u>
Retained Profits	<u>606,605</u>	<u>63,996</u>	<u>670,601</u>

4. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

5. 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.

6. Unusual items

The Board of Directors of TSH after having undertaken a detailed deliberation and review of all relevant factors, had decided to discontinue the business operation of its indirect wholly owned subsidiary, Eko Pulp & Paper Sdn. Bhd (EPP).

The discontinuation will involve discontinuing all business activities, settlement of all liabilities, redeployment of EPP's certain existing plant and machineries within the Group, where usable and disposing the remaining assets if any.

The estimated one-off costs arising from the discontinuation is approximately RM139.1 million which is comprised of impairment of assets.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 December 2015 except as those disclosed in Note 2 and 11 of Part A.

7. Changes in estimates

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

8. 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 31 December 2015 is as follows:

	No. of shares	Amount (RM)
Balance as at 1 January 2015	1,000	2,304
Add : Purchase of treasury shares	2,000	4,328
Balance as at 31 December 2015	3,000	6,632

9. Dividends paid

There were no dividends paid during the quarter ended 31 December 2015.

10. Segmental information

i) Business segments

Cumulative Quarter ended 31 December 2015

	Palm Product RM'000	Wood product manufacturing & forestation RM'000	Bio-Integration & Others RM'000	Consolidated RM'000
SEGMENT REVENUE	699,048	42,049	57,758	798,855
SEGMENT RESULTS	118,364	(5,302)	30,341	143,403
Unallocated corporate expenses				(26,393)
Loss on foreign exchange				(83,846)
Fair value changes on biological asset				27,943
Loss on discontinued business				(139,133)
Finance costs				(16,469)
Share of profit of an associate				4,896
Share of profit of jointly controlled entities				7,737
Loss before taxation				(81,862)
Income taxes				(16,163)
Cumulative loss up to 31 December 2015				(98,025)
OTHER INFORMATION				
SEGMENTS ASSETS	2,495,473	238,156	217,119	2,950,748
Investment in jointly controlled entities				78,635
Investment in associate				66,116
Unallocated assets				80,870
Consolidated total assets				3,176,369
SEGMENT LIABILITIES	793,779	23,910	38,100	855,789
Unallocated liabilities				813,205
Consolidated total liabilities				1,668,994

ii) Geographical segments

	Total revenue from external customers RM'000	Segment Assets RM'000
Malaysia	469,966	1,430,759
Europe	7,842	8,343
United States of America	41,349	5,359
Indonesia	268,021	1,730,810
South West Pacific	6,368	-
Others	5,309	1,098
Total	798,855	3,176,369

11. Carrying amount of revalued assets

- (i) TSH has carried out a revaluation exercise to reflect the fair value of the Group's oil palm plantation land in the financial statements of the TSH Group for the financial year ended 31 December 2015 in compliance with Malaysian Financial Reporting Standard 116 ("FRS 116"). The revaluation exercise was conducted by CH Williams Talhar & Wong. The revaluation surplus arising from the revaluation is incorporated in the fourth quarter unaudited financial results of TSH for the financial year ended 31 December 2015 as follows:-

<i>Description of Property</i>	<i>Total Valuation RM</i>	<i>Land NBV RM</i>	<i>Revaluation Surplus RM</i>
Agricultural land held under CL 245338587 situated at Sabahan locality, 91200 Kunak, District of Kunak, Sabah	4,160,000	1,691,328	2,468,672
Agricultural lands held under CL 105392989 and CL 105392998 situated at KM 55, Tawau-Kunak Highway, 91000 Tawau, District of Tawau, Sabah	11,625,000	1,851,102	9,773,898
Agricultural land held under CL 095310731 situated at the locality of Tenegang Koyah, Off KM 121, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	45,315,000	9,086,073	36,228,927
Agricultural land held under CL 095327218 situated at the locality of Tenegang Koyah, Off KM 123, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	90,000,000	17,433,706	72,566,294
Agricultural lands held under CL 105336267, CL 105348945, CL 105348954 and CL105351040 situated at KM 27, Apas Road locality, 91000 Tawau, District of Tawau, Sabah	7,979,000	1,442,540	6,536,460
Agricultural land held under CL 105365955 situated at Ulu Balung locality, 91000 Tawau, District of Tawau, Sabah	38,192,000	10,425,842	27,766,158
Agricultural land held under CL 125319244 situated at Kalumpang locality, 91300 Semporna, District of Semporna, Sabah	21,565,000	8,775,596	12,789,404
TOTAL	218,836,000	50,706,187	168,129,813

11. Carrying amount of revalued assets (continued)

- (ii) TSH has carried out a valuation on the Industrial Tree planted on 9,291 hectares of land within the Forest Management Licence Agreement 07/97 area, Ulu Tungud Forest Reserve, FMU 4, Sabah in compliance with FRSIC consensus 12. The fair value gain arising from the valuation has been applied to current financial year and retrospectively for financial year 2014 and retained earning as on 1 Jan 2014 which is the earliest date for which the retrospective application is practicable.

Description	Fair Value RM	Cost of Industrial Tree Planted RM	Gain on Fair Value RM
Biological Assets – industrial tree planting	276,967,000	164,818,172	112,148,828

Other than the above, the 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 previously valued by the Directors in 1993 based on professional appraisals by an independent valuer using open market values on an existing use basis.

12. 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.

12. Changes in composition of the Group (continued)

- 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 Commission 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.

On 25 November 2015, the Company announced that the BJSB to strike off its name from the Register of the Companies Commission of Malaysia has been withdrawn for the time being pending completion of administrative issues.

Upon completion, BJSB shall submit again its application to the Companies Commission of Malaysia to strike off its name

- g) On 28 October 2015, the Company announced 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.
- h) On 5 November 2015, the following wholly-owned subsidiaries of the Company, made applications to the Companies Commission 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.

12. Changes in composition of the Group (continued)

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

- i) 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 Reserve (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 ended 31 December 2015.

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

13. Discontinued operation

There was no discontinued operation during the quarter ended 31 December 2015 except as those stated in Note 6, Part A.

14. Capital commitments

The amount of commitments for capital expenditure as at 31 December 2015 is as follows:

	As at 31.12.2015 RM’000	As at 31.12.2014 RM’000
Approved and contracted for	31,857	12,753
Approved but not contracted for	14,361	15,478
	<u>42,218</u>	<u>28,231</u>
Balance of purchase price for new subsidiaries	-	35,464
	<u>42,218</u>	<u>63,695</u>

15. Changes in contingent liabilities or contingent assets

	As at 31.12.2015 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	17,954	16,356

16. Material related party transactions

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

	12 months ended 31 December 2015 RM'000
Sales of crude palm oil	362,477
Sales of palm kernel	64,187

17. Subsequent events

There was no material subsequent event to the end of this reporting, except those disclosed in Note 6 & 11, Part A.

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

1. Performance review

The Group's revenue for the Qtr 4, 2015 and financial year were RM205.3 million and RM798.9 million respectively compared to RM235.2 million and RM1,071.0 million for the preceding year corresponding period.

Core profit before taxation for this quarter amounted to RM34.7 million against RM 31.0 million for the preceding quarter last year mainly due to lower operating expenses and higher profit contributions from associate and jointly controlled entities. However, the core profit for the current year of RM113.2 million was lower against RM177.1 million for the preceding year mainly due to lower average CPO selling price. Similarly, the lower revenue for the Quarter and financial year was also due to the lower average CPO selling price.

Adverse variance in profit/ (loss) before taxation for the quarter and financial year compared to preceding year corresponding period mainly attributed to one-off item as disclosed in Note 6, Part A.

Palm Product

For Q4, 2015, despite 25% increase in crop production of 198,734 metric tonnes compared to 157,878 metric tonnes in Q4, 2014, this segment reported a lower operating profit of RM 30.1 million mainly due to lower average CPO price of RM 2,007 per MT compared to RM2,165 per MT in Q4, 2014.

For financial year 2015, FFB production also increased to 648,722 metric tonnes from 640,926 metric tonnes in 2014. However the operating profit was lower at RM 118 million as compared with RM 185 million in 2014 due to lower average CPO selling price of RM 2,339 per MT in 2014 compared to RM 2,074 per MT in 2015.

Wood Product Manufacturing

For Q4, 2015, wood product segment achieved higher export revenue as overseas demand picked up. For the current financial year, the revenue of RM42.0 million was marginally lower than RM43.5 million of the preceding year mainly impacted by sluggish local demand and export during the 1st half of the year.

For Q4, 2015 and current financial year, this segment registered higher losses of RM2.6 million and RM 5.3 million against RM 1.2 million and RM1.5 million for the corresponding quarter and previous financial year respectively mainly attributed to recognition of deferred investment capital grant in 2014.

Bio integration and Other

For Q4, 2015, this segment reported revenue and operating profit of RM 14.0 million and RM 7.4 million respectively which were higher than RM 8.1 million and RM 6.9 million for the preceding year corresponding quarter. For the current financial year, 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 Q4, 2015 the Group registered revenue of RM 205.3 million compared with the immediate preceding quarter of RM 181.4 million. Core profit before taxation for this quarter was RM 34.7 million against RM 20.1 million for the preceding quarter. The improved revenue and profit was mainly attributed to higher profit contribution from palm division due to higher average CPO price and 30% increase in FFB production from 152,768 MT to 198,734 mt in Q4, 2015. However, the adverse variance in profit/(loss) before tax was due to loss on discontinued non core business.

3. Commentary on the prospects

CPO Price has been trending higher since the beginning of the year driven by the fear of constraint in supply, reduced crop production and yield from the effect of the El Nino phenomenon and overall reduction in the inventory stock level. These factors will likely to guide the CPO price trend in 2016. However, management will continue to stay focus on the cost and yield management in the coming months in 2016.

The Board is 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. 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 31.12.2015 <u>RM'000</u>	Year to date 31.12.2015 <u>RM'000</u>
Interest income	(174)	(1,236)
Interest expenses	5,520	16,469
Dividend income	(35)	(38)
Rental income	(458)	(2,906)
Depreciation and amortization	16,128	60,508
Fair value (gain)/loss on derivatives		
- Forward currency contracts	(945)	(634)
- Commodity future contracts	(35)	(323)
Net foreign exchange (gain)/ loss		
- Realised	(155)	(916)
- Unrealised	(20,044)	85,512
Property, plant and equipment written off	138,272	138,288
Write back of impairment loss for property, plant and equipment	-	(2,306)
Gain on disposal of property, plant and equipment	(2,236)	(2,520)
Allowance of / (Write back) of impairment loss on trade and other receivables	46	(2,953)
Gain from change in fair value of biological assets	(27,943)	(27,943)
Allowance of/ (Write back) of impairment loss on inventories	54	(1,001)

6. Income Tax Expense

	Quarter 31.12.2015 <u>RM'000</u>	Year to date 31.12.2015 <u>RM'000</u>
Current tax:		
Malaysian income tax	1,208	11,878
Foreign tax	2,040	9,014
 (Over)/Under provision in prior year		
Malaysian income tax	67	(1,851)
Foreign tax	-	(1,179)
 Deferred tax:		
Relating to origination and reversal of temporary differences	5,486	(5,083)
Under provision in prior year	-	3,384
	<u>8,801</u>	<u>16,163</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 mainly due to the tax incentives and profit which deferred tax asset has not been recognised previously as well as reversal of prior years' tax provision.

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 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total Group borrowings		
- secured	714,071	582,319
- unsecured	671,051	453,090
 Short term borrowings		
- secured	203,958	115,808
- unsecured	671,051	453,090
 Long term borrowings		
- secured	510,113	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	9	42
USD	125,608	539,300
AUD	39	124
Total		<u>539,466</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

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December, 2015 of 2.00 sen ordinary per share which will be subject to shareholders’ approval.

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>31 December</u>		<u>YTD ended</u> <u>31 December</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Net (loss)/ profit for the quarter/ year (RM’000)	(64,325)	26,936	(98,997)	138,769
Weighted average number of ordinary shares in issue (‘000)	1,345,410	1,345,412	1,345,411	1,345,413
Basic earnings/ (loss) per ordinary share (sen)	(4.78)	2.00	(7.36)	10.31

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.

11. Earnings per share (continued)

(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 31 December 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 31.12.2015 RM'000	Restated As at end of preceding Year 31.12.2014 RM'000
Total retained profits of TSHR and its Subsidiaries		
- Realised	653,397	760,799
- Unrealised	(185,244)	(151,754)
	468,153	609,045
Total share of retained profits from associated Company		
- Realised	17,617	11,486
- Unrealised	(4,865)	(3,490)
Total share of retained profits from jointly controlled entities		
- Realised	62,065	70,166
- Unrealised	(4,025)	(6,554)
	538,945	680,653
Add: Consolidation adjustments	1,781	(10,052)
Total group retained profits as per consolidated accounts	540,726	670,601

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 25 February 2016.