

**Condensed Consolidated Statement of Comprehensive Income
For The Second Quarter Ended 30 June 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2016 RM'000	Preceding Year Corresponding Quarter 30.06.2015 RM'000	Current Year To-date 30.06.2016 RM'000	Preceding Year Corresponding Year To-date 30.06.2015 RM'000
Revenue	212,470	206,158	414,746	412,186
Cost of sales	<u>(143,753)</u>	<u>(132,279)</u>	<u>(271,516)</u>	<u>(266,768)</u>
Gross profit	68,717	73,879	143,230	145,418
Other operating income	4,048	4,088	7,265	31,278
Other operating expenses	<u>(47,044)</u>	<u>(45,499)</u>	<u>(95,850)</u>	<u>(111,796)</u>
Operating profit	25,721	32,468	54,645	64,900
Finance costs	(5,807)	(4,769)	(10,705)	(8,024)
Share of profit of an associate	1,825	1,673	2,261	2,138
Share of profit of jointly controlled entities	<u>4,394</u>	<u>(3,019)</u>	<u>5,162</u>	<u>(1,165)</u>
Core profit before taxation	26,133	26,353	51,363	57,849
(Loss)/ Gain on foreign exchange	(9,412)	(10,999)	29,743	(33,960)
Profit before taxation	16,721	15,354	81,106	23,889
Taxation	<u>(1,349)</u>	<u>(7,385)</u>	<u>(8,621)</u>	<u>(9,101)</u>
Profit for the period	<u>15,372</u>	<u>7,969</u>	<u>72,485</u>	<u>14,788</u>
Other Comprehensive Income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences	56,056	3,091	(36,393)	7,505
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of net defined benefit liabilities	-	17	-	17
Other Comprehensive income for the period, net of tax	<u>56,056</u>	<u>3,108</u>	<u>(36,393)</u>	<u>7,522</u>
Total comprehensive income for the period	<u>71,428</u>	<u>11,077</u>	<u>36,092</u>	<u>22,310</u>
Profit attributable to :				
Owners of the parent	13,838	7,083	68,560	13,519
Non-controlling interests	<u>1,534</u>	<u>886</u>	<u>3,925</u>	<u>1,268</u>
	<u>15,372</u>	<u>7,969</u>	<u>72,485</u>	<u>14,788</u>
Total comprehensive income attributable to :				
Owners of the parent	67,946	10,144	33,133	20,637
Non-controlling interests	<u>3,482</u>	<u>933</u>	<u>2,959</u>	<u>1,672</u>
	<u>71,428</u>	<u>11,077</u>	<u>36,092</u>	<u>22,310</u>
Earnings per share attributable to equity holders of the Company				
Basic (sen)	1.03	0.53	5.10	1.00
Diluted (sen)	1.03	0.53	5.10	1.00

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015

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

Condensed Consolidated Statement of Financial Position
As at 30 June 2016

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	811,077	829,080
Biological assets	1,424,834	1,381,462
Land use rights	180,875	188,087
Intangible assets	51,345	59,462
Investments in associates	75,912	65,666
Investments in jointly controlled entities	76,495	77,833
Deferred tax assets	20,854	20,295
Other receivables	111,134	118,212
Investments securities	5,064	5,064
	<u>2,757,590</u>	<u>2,745,161</u>
Current assets		
Inventories	210,428	216,949
Trade and other receivables	121,915	121,517
Other current assets	19,133	18,709
Tax recoverable	20,647	16,065
Investments securities	26	27
Derivative assets	3,958	613
Short term funds	97,254	145
Cash and bank balances	102,318	57,311
	<u>575,679</u>	<u>431,336</u>
TOTAL ASSETS	<u><u>3,333,269</u></u>	<u><u>3,176,497</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	672,706	672,706
Share premium	1,301	1,301
Treasury shares	(8)	(6)
Other reserves	112,011	147,438
Retained earnings	576,893	535,241
	<u>1,362,903</u>	<u>1,356,680</u>
Non-controlling interests	146,150	144,661
Total equity	<u>1,509,053</u>	<u>1,501,341</u>
Non-current liabilities		
Retirement benefits	10,868	11,563
Borrowings	678,210	475,113
Hire purchase payables	-	1
Deferred tax liabilities	149,639	150,535
	<u>838,717</u>	<u>637,212</u>
Current liabilities		
Borrowings	866,466	910,009
Hire purchase payables	110	616
Trade and other payables	117,765	125,459
Derivative liabilities	-	222
Current tax payable	1,158	1,638
	<u>985,499</u>	<u>1,037,944</u>
Total liabilities	<u>1,824,216</u>	<u>1,675,156</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,333,269</u></u>	<u><u>3,176,497</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 2015

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

Condensed Consolidated Statement of Changes In Equity
For The Second Quarter Ended 30 June 2016

	Attributable to owners of the parent							Equity attributable to owners of the parent			
	Non-distributable			Distributable				Retained Earnings RM'000	parent Total RM'000	Non-controlling Interests RM'000	Equity Total RM'000
Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Asset Revaluation Reserves RM'000	Capital Reserves RM'000	Share Of Associate Reserves RM'000	Foreign currency Translation Reserves RM'000					
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	-	-	-	-	-	-	-	63,997	63,997	-	63,997
- as restated	672,706	1,301	(2)	1,390	11,594	181	(110,305)	670,602	1,247,467	106,227	1,353,694
Profit for the year	-	-	-	-	-	-	-	13,519	13,519	1,268	14,787
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	7,102	-	7,102	403	7,505
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	17	17	-	17
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	7,102	17	7,119	403	7,522
Total comprehensive income for the period	-	-	-	-	-	-	7,102	13,536	20,638	1,671	22,309
Adjustment of additional interest in subsidiaries	-	-	-	-	1,481	-	1,481	-	2,962	(1,481)	1,481
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	21,173	21,173
Purchase of treasury shares	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Dividends paid	-	-	-	-	-	-	-	(33,635)	(33,635)	-	(33,635)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	(1,470)	(1,470)
At 30 June 2015	<u>672,706</u>	<u>1,301</u>	<u>(4)</u>	<u>1,390</u>	<u>13,075</u>	<u>181</u>	<u>(101,722)</u>	<u>650,503</u>	<u>1,237,430</u>	<u>126,120</u>	<u>1,363,550</u>
At 1 January 2016	672,706	1,301	(6)	114,064	13,075	203	20,096	535,241	1,356,680	144,661	1,501,341
Profit for the year	-	-	-	-	-	-	-	68,560	68,560	3,925	72,485
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	(35,427)	-	(35,427)	(966)	(36,393)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	(35,427)	-	(35,427)	(966)	(36,393)
Total comprehensive income for the period	-	-	-	-	-	-	(35,427)	68,560	33,133	2,959	36,092
Purchase of treasury shares	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Dividends paid	-	-	-	-	-	-	-	(26,908)	(26,908)	-	(26,908)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	(1,470)	(1,470)
At 30 June 2016	<u>672,706</u>	<u>1,301</u>	<u>(8)</u>	<u>114,064</u>	<u>13,075</u>	<u>203</u>	<u>(15,331)</u>	<u>576,893</u>	<u>1,362,903</u>	<u>146,150</u>	<u>1,509,053</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 2015

Condensed Consolidated Statement of Cash Flows
For The Second Quarter Ended 30 June 2016

	Individual Quarter		Cumulative Quarter	Cumulative Quarter
	Current Year Quarter 30.06.2016 RM'000	Preceding Year Corresponding Quarter 30.06.2015 RM'000	Current Year To-date 30.06.2016 RM'000	Current Year To-date 30.06.2015 RM'000
Cash Flows from Operating Activities				
Profit before taxation	16,721	15,354	81,106	23,889
Adjustments for :-				
Depreciation and amortisation of property, plant and equipment	12,434	13,040	24,135	25,388
Property, plant and equipment written off	4	5	15	14
Write back of impairment loss for property, plant and equipment	-	(2,306)	-	(2,306)
Amortisation of land use rights	1,323	1,881	2,906	3,591
Write back of impairment loss on inventories	-	(19)	-	(1,054)
Gain on fair value changes on quoted investment	5	3	2	3
Gain on disposal of property, plant and equipment	(170)	(18)	(187)	(278)
Impairment loss/ (Write back of impairment loss) on receivable	12	(1,017)	(96)	(1,749)
Net loss on redemption of short-term investment	7	-	7	-
Net unrealised foreign exchange loss / (gain)	9,510	11,199	(29,415)	34,457
Fair value loss/ (Gain) of the commodity future contract	(3,409)	140	(3,559)	195
Share of profit of jointly controlled entities	(4,394)	3,018	(5,162)	1,165
Share of profit of an associate	(1,825)	(1,673)	(2,261)	(2,138)
Interest expense	5,807	4,769	10,705	8,024
Interest income	(178)	(491)	(406)	(783)
Dividend income	(211)	-	(211)	(3)
Operating profit before working capital changes	<u>35,636</u>	<u>43,885</u>	<u>77,579</u>	<u>88,415</u>
Changes in working capital				
Inventories	(6,506)	(13,661)	6,537	(3,848)
Receivables	21,336	13,755	6,677	1,784
Payables/ Retirement Benefit	<u>(2,242)</u>	<u>(13,610)</u>	<u>(8,088)</u>	<u>(40,109)</u>
Cash generated from operations	48,224	30,369	82,705	46,242
Interest paid	(14,375)	(11,665)	(27,740)	(21,468)
Income tax paid	<u>(6,312)</u>	<u>(18,161)</u>	<u>(15,263)</u>	<u>(24,374)</u>
Net cash generated from/ (utilised in) operating activities	<u>27,537</u>	<u>543</u>	<u>39,702</u>	<u>400</u>
Cash Flows from Investing Activities				
Acquisition of subsidiary	-	261	-	(30,565)
Additional investment in subsidiary company	-	-	-	(1,072)
Additional investment in associate company	-	-	(7,985)	-
Redemption/ (purchase) of short-term investments	(97,116)	-	(97,116)	307
Withdrawal/ (Placement) of deposits	(176)	(259)	27	4,086
Purchase of property, plant and equipment	(7,735)	(22,444)	(15,352)	(44,580)
Payment for oil palm planting expenditure	(17,097)	(34,082)	(35,750)	(66,072)
Payment of forest planting expenditure	(3,022)	(3,778)	(6,043)	(6,220)
Withdrawal of pledged deposits	-	-	-	66
Proceeds from disposal of property, plant and equipment	276	745	486	2,867
Interest received	178	491	406	783
Net dividends received	211	-	211	3
Dividend received from jointly controlled entity	-	-	6,500	15,000
Net cash used in investing activities	<u>(124,481)</u>	<u>(59,066)</u>	<u>(154,616)</u>	<u>(125,397)</u>
Cash Flows from Financing Activities				
Purchase of treasury shares	(2)	(2)	(2)	(2)
Net movement in term loans/commercial papers/medium term notes	284,528	(9,925)	256,928	115,744
Net movement in other borrowings	(116,450)	58,096	(67,873)	36,514
Net movement in hire purchase payables	(141)	410	(508)	-
Dividends paid to non-controlling interests	(980)	-	(1,470)	(1,470)
Dividends paid	<u>(26,908)</u>	<u>(33,635)</u>	<u>(26,908)</u>	<u>(33,635)</u>
Net cash generated from financing activities	<u>140,047</u>	<u>14,944</u>	<u>160,167</u>	<u>117,151</u>
Net increase in cash and cash equivalents	43,103	(43,579)	45,253	(7,846)
Cash and cash equivalents at beginning of period	50,176	83,056	51,385	48,633
Effect of foreign exchange rate changes	2,984	(2,607)	2,067	(2,345)
Effect of foreign exchange rate changes on cash and cash equivalents	<u>921</u>	<u>3,091</u>	<u>(1,521)</u>	<u>1,519</u>
Cash and cash equivalents at end of period	<u><u>97,184</u></u>	<u><u>39,961</u></u>	<u><u>97,184</u></u>	<u><u>39,961</u></u>

**EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2016**

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 2015.

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 2015.

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 2015 except for the following Amendments to FRSs and Annual improvement which take effect from 1 January 2016.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016

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

2. Changes in Accounting Policies (continued)

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 is to be 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').

Transitioning Entities are 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 ended 30 June 2016 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 2015 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 June 2016.

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 June 2016 is as follows:

	No. of shares	Amount (RM)
Balance as at 1 January 2016	3,000	6,632
Add : Purchase of treasury shares	1,000	1,975
Balance as at 30 June 2016	4,000	8,607

8. Dividends paid

A first and final single tier dividend of 2.0 sen per ordinary shares for the year ended 31 Dec 2015, amounted to RM 26,908,189 was paid on 16 June 2016.

9. Segmental information

i) Business segments

Cumulative Quarter ended 30 June 2016

	Palm Product RM'000	Wood product manufacturing & forestation RM'000	Bio- Integration & Others RM'000	Consolidated RM'000
SEGMENT REVENUE	352,314	28,680	33,752	414,746
SEGMENT RESULTS	62,174	(2,397)	10,167	69,944
Unallocated corporate expenses				(15,299)
Gains on foreign exchange				29,743
Finance costs				(10,705)
Share of profit of an associate				2,261
Share of profit of jointly controlled entities				5,162
Profit before taxation				81,106
Income taxes				(8,621)
Cumulative profit up to 30 June 2016				72,485
OTHER INFORMATION				
SEGMENTS ASSETS	2,286,208	459,235	214,812	2,960,255
Investment in jointly controlled entities				76,495
Investment in associate				75,912
Unallocated assets				220,607
Consolidated total assets				3,333,269
SEGMENT LIABILITIES	41,723	31,067	36,820	109,610
Borrowings				1,544,676
Deferred Tax liabilities				149,639
Unallocated liabilities				20,291
Consolidated total liabilities				1,824,216

ii) Geographical segments

	Total revenue from external customers RM'000	Segment Assets RM'000
Malaysia	239,657	1,580,276
Europe	7,111	8,343
United States of America	22,855	5,359
Indonesia	134,019	1,738,193
South West Pacific	4,624	-
Others	6,480	1,098
Total	414,746	3,333,269

10. 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.

11. Discontinued operation

There was no discontinued operation during the quarter ended 30 June 2016.

12. Commitments

- a) Capital commitments

The amount of commitments for capital expenditure as at 30 June 2016 is as follows:

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Approved and contracted for	14,404	31,857
Approved but not contracted for	9,229	14,361
	<u>23,633</u>	<u>46,218</u>

- b) Operating lease commitments – as lessee

Future minimum rentals payable under non-cancellable operating lease at the reporting date as follows:

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Not later than 1 year	558	683
Later than 1 year and not later than 5 years	840	1,055
Later than 5 years	981	721
	<u>2,379</u>	<u>2,459</u>

12. Commitments and Contingencies (continued)

c) Operating lease commitments – as lessor

Future minimum rentals receivable under non-cancellable operating lease at the reporting date as follows:

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Not later than 1 year	97	219
Later than 1 year and not later than 5 years	1,782	26
	<u>1,879</u>	<u>245</u>

13. Changes in contingent liabilities or contingent assets

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Guarantee given to PT. Bank CIMB Niaga, TBK, to secure loan for Pembangunan Kebun Kelapa Sawit Plasma under a Plasma Scheme	22,701	17,954

14. Material related party transactions

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

	6 months ended 30 June 2016 RM'000
Sales of crude palm oil	178,364
Sales of palm kernel	40,310

15. Subsequent events

There was no material subsequent event to the end of this reporting.

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

1. Performance review

The Group's revenue for the Q2, 2016 and current year-to-date were RM212.5 million and RM414.7 million respectively compared to RM206.2million and RM412.2 million for the preceding year corresponding.

Core profit for Q2, 2016 of RM26.1 million was broadly in line with the corresponding period in 2015 year of RM26.4 million. However, profit before taxation for the quarter increased to RM16.7 million against RM15.4 million for the preceding quarter last year mainly due to lower foreign exchange translation loss of RM9.4 million and higher profit contributions from jointly controlled entities. For current year to date, core profit of RM51.4 million was lower than corresponding period of RM57.8 million mainly due to lower operating profit from Palm, Bio-integration and Other segment. However, Profit before taxation for the current year to date of RM81.1 million was much higher than corresponding period of RM23.9 million due to foreign exchange translation gain.

Palm Product

For Q2, 2016, this segment reported a marginally lower operating profit of RM29.7 million mainly attributed to lower crop production of 116,250 metric tonnes compared to 153,963 metric tonnes in Q2, 2015 due to the lagged effects from the severe El Nino weather pattern in previous years that adversely affected FFB yield in East Malaysia and Kalimantan regions. Nonetheless, higher average CPO price of RM2,490 per MT in Q2, 2016 compared to RM2,107 per MT in Q2, 2015 has partly made up for the adverse financial impact of low crop production.

For the current year to date, the reduction of FFB production from 297,221MT in 2015 to 252,193 MT in 2016 has primarily resulted in lower operating profit of RM62 million compared to corresponding period of RM68 million in previous year.

Wood Product Manufacturing

Wood product segment achieved higher revenue of RM12.6 million and RM28.8 million for Q2, 2016 and current year to-date compared to RM8 million and RM18 million respectively for the corresponding period of 2015. Despite higher revenue, the operating loss of RM1.2 million and RM2.3 million for the Q2, 2016 and current year to date respectively was higher than corresponding period of 2015 of RM0.1 million and RM0.8 million mainly attributable to disposal of old stocks in overseas subsidiaries at lower average selling price .

Bio integration and Other

This segment reported higher revenue of RM15.9 million and RM33.8 million for Q2, 2016 and current year to date compared to RM14.0 million and RM29.9 million respectively for the corresponding period in 2015 due to higher sale of cocoa product. However, for Q2, 2016 the operating profit of RM4.4 million was lower against RM9.1 million for the corresponding period in 2015 mainly due to the write back of provision for impairment loss in 2015 on the plant disposed. For the current year to date, profit was also lower due to higher raw material cost of cocoa product and lower sale of electricity and steam.

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

For Q2, 2016 the Group registered revenue of RM212.5 million compared with the immediate preceding quarter of RM202.3 million. Core operating profit for this quarter was RM26.1 million against RM 25.2 million for the preceding quarter mainly due to higher profit contributions from joint venture entities and associate company. However, lower profit before tax of RM16.7 million in Q2, 2016 compared to RM64.4 million in Q1, 2016 was mainly due to the foreign exchange translation loss of RM9.4 million in Q2, 2016 against exchange translation gain of RM39.2 million in Q1, 2016.

3. Commentary on the prospects

CPO price has rebounded recently after dipping below RM2,200 mainly driven by a combination of factors – increased demand from India and China due to restocking ahead of many festivals and higher usage of the vegetable oil as biofuel in Indonesia. These development have led to declined palm oil stock piles in Malaysia & Indonesia. This favourable supply and demand scenarios will help to sustain the current CPO prices in the coming months.

The Board is optimistic on the long term prospect of the palm oil industry. 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. Management will also continue to stay focus on the cost efficiency and yield management in 2016

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 30.06.2016 <u>RM'000</u>	Year to date 30.06.2016 <u>RM'000</u>
Interest income	(178)	(406)
Interest expenses	5,807	10,705
Dividend income	(211)	(211)
Rental income	(152)	(255)
Depreciation and amortization	13,757	27,041
Fair value gain on derivatives		
- Forward currency contracts	983	(9)
- Commodity future contracts	(3,409)	(3,559)
Net foreign exchange (gain)/ loss		
- Realised	(98)	(328)
- Unrealised	8,527	(29,406)
Impairment loss/ (Write back of impairment loss) on trade and other receivables	12	(96)
Net gain on disposal of PPE	(170)	(187)

6. Income Tax Expense

	Quarter 30.06.2016 <u>RM'000</u>	Year to date 30.06.2016 <u>RM'000</u>
Current tax:		
Malaysian income tax	3,017	4,966
Foreign tax	2,078	5,834
(Over)/Under provision in prior year		
Malaysian income tax	7	7
Foreign tax	(937)	(937)
Deferred tax:		
Relating to origination and reversal of temporary differences	(5,456)	(2,936)
Under provision in prior year	2,640	1,687
	<u>1,349</u>	<u>8,621</u>

The effective tax rate of the Group for the quarter is lower than the statutory rate mainly due to origination of deferred tax benefit from a biomass project.

7. Corporate proposals

The Company had on 25 February 2016 announced the discontinuation of the business operation of its indirect wholly-owned subsidiary, Eko Pulp & Paper Sdn. Bhd. The discontinuation had been completed on 29 August 2016.

8. Group Borrowings and Debt Securities

Comprised:

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Total Group borrowings		
- secured	798,709	641,781
- unsecured	745,967	743,341
Short term borrowings		
- secured	275,989	222,158
- unsecured	590,477	687,851
Long term borrowings		
- secured	522,720	419,623
- secured	155,490	55,490

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	14	64
USD	122,032	491,971
Total		<u>492,035</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 June, 2016.

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 June</u>		<u>YTD ended</u> <u>30 June</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net profit for the quarter/ year (RM'000)	13,838	7,083	68,560	13,519
Weighted average number of ordinary shares in issue ('000)	1,345,409	1,345,411	1,345,409	1,345,412
Basic earnings per ordinary share (sen)	1.03	0.53	5.10	1.00

(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 June 2016 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 30.06.2016 RM'000	As at end of Preceding Year 31.12.2015 RM'000
Total retained profits of TSHR and its Subsidiaries		
- Realised	614,575	767,150
- Unrealised	(175,113)	(213,189)
	439,462	553,961
Total share of retained profits from associated Company		
- Realised	17,678	17,163
- Unrealised	(5,445)	(4,812)
Total share of retained profits from jointly controlled entities		
- Realised	59,989	61,866
- Unrealised	(4,042)	(4,025)
Add: Consolidation adjustments	507,642	624,153
	69,251	(88,912)
Total group retained profits as per consolidated accounts	576,893	535,241

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 29 August 2016.