

**Condensed Consolidated Statement of Comprehensive Income
For The Third Quarter Ended 30 September 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000	Current Year To-date 30.09.2016 RM'000	Preceding Year Corresponding Year To-date 30.09.2015 RM'000
Revenue	213,259	181,383	628,005	593,569
Cost of sales	<u>(137,505)</u>	<u>(122,202)</u>	<u>(409,021)</u>	<u>(388,968)</u>
Gross profit	75,754	59,181	218,984	204,601
Other operating income	3,770	4,487	11,034	12,803
Other operating expenses	<u>(49,067)</u>	<u>(46,157)</u>	<u>(144,915)</u>	<u>(134,992)</u>
Operating profit	30,457	17,511	85,103	82,412
Finance costs	(7,361)	(2,925)	(18,066)	(10,949)
Share of profit of an associate	3,021	1,472	5,283	3,610
Share of profit of jointly controlled entities	<u>4,166</u>	<u>4,034</u>	<u>9,328</u>	<u>2,869</u>
Core profit before taxation	30,283	20,092	81,648	77,942
(Loss)/ Gain on foreign exchange	(7,857)	(71,315)	21,886	(105,274)
Profit/ (Loss) before taxation	<u>22,426</u>	<u>(51,223)</u>	<u>103,534</u>	<u>(27,332)</u>
Taxation	<u>(8,529)</u>	<u>1,740</u>	<u>(17,151)</u>	<u>(7,362)</u>
Profit/ (Loss) for the period	<u>13,897</u>	<u>(49,483)</u>	<u>86,383</u>	<u>(34,694)</u>
Other Comprehensive Income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences	61,682	82,112	25,288	89,617
<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>61,682</u>	<u>82,112</u>	<u>25,288</u>	<u>89,634</u>
Total comprehensive income for the period	<u>75,579</u>	<u>32,629</u>	<u>111,671</u>	<u>54,940</u>
Profit attributable to :				
Owners of the parent	11,087	(48,193)	79,648	(34,672)
Non-controlling interests	<u>2,810</u>	<u>(1,290)</u>	<u>6,735</u>	<u>(22)</u>
	<u>13,897</u>	<u>(49,483)</u>	<u>86,383</u>	<u>(34,694)</u>
Total comprehensive income attributable to :				
Owners of the parent	70,585	30,903	103,718	51,542
Non-controlling interests	<u>4,994</u>	<u>1,726</u>	<u>7,953</u>	<u>3,398</u>
	<u>75,579</u>	<u>32,629</u>	<u>111,671</u>	<u>54,940</u>
Earnings per share attributable to equity holders of the Company				
Basic (sen)	0.82	(3.58)	5.92	(2.58)
Diluted (sen)	0.82	(3.58)	5.92	(2.58)

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 September 2016

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	814,299	829,080
Biological assets	1,506,342	1,381,462
Land use rights	181,494	188,087
Intangible assets	52,226	59,462
Investments in associates	78,933	65,666
Investments in jointly controlled entities	80,661	77,833
Deferred tax assets	21,619	20,295
Other receivables	114,145	118,212
Investments securities	5,064	5,064
	<u>2,854,783</u>	<u>2,745,161</u>
Current assets		
Inventories	222,871	216,949
Trade and other receivables	133,428	121,517
Other current assets	18,727	18,709
Tax recoverable	21,049	16,065
Investments securities	21	27
Derivative assets	509	613
Short term funds	-	145
Cash and bank balances	82,030	57,311
	<u>478,635</u>	<u>431,336</u>
TOTAL ASSETS	<u><u>3,333,418</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	171,508	147,438
Retained earnings	587,981	535,241
	<u>1,433,488</u>	<u>1,356,680</u>
Non-controlling interests	151,144	144,661
Total equity	<u>1,584,632</u>	<u>1,501,341</u>
Non-current liabilities		
Retirement benefits	11,116	11,563
Borrowings	738,006	475,113
Hire purchase payables	-	1
Deferred tax liabilities	151,534	150,535
	<u>900,656</u>	<u>637,212</u>
Current liabilities		
Borrowings	717,679	910,009
Hire purchase payables	75	616
Trade and other payables	127,696	125,459
Derivative liabilities	280	222
Current tax payable	2,400	1,638
	<u>848,130</u>	<u>1,037,944</u>
Total liabilities	<u>1,748,786</u>	<u>1,675,156</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,333,418</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 Third Quarter Ended 30 September 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
Loss for the year	-	-	-	-	-	-	-	(34,673)	(34,673)	(22)	(34,695)
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	(34,656)	51,541	3,398	54,939
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 September 2015	<u>672,706</u>	<u>1,301</u>	<u>(4)</u>	<u>1,390</u>	<u>13,075</u>	<u>181</u>	<u>(22,627)</u>	<u>602,311</u>	<u>1,268,333</u>	<u>127,847</u>	<u>1,396,180</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	-	-	-	-	-	-	-	79,648	79,648	6,735	86,383
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	24,070	-	24,070	1,218	25,288
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	24,070	-	24,070	1,218	25,288
Total comprehensive income for the period	-	-	-	-	-	-	24,070	79,648	103,718	7,953	111,671
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 September 2016	<u>672,706</u>	<u>1,301</u>	<u>(8)</u>	<u>114,064</u>	<u>13,075</u>	<u>203</u>	<u>44,166</u>	<u>587,981</u>	<u>1,433,488</u>	<u>151,144</u>	<u>1,584,632</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 Third Quarter Ended 30 September 2016**

	Individual Quarter		Cumulative Quarter	Cumulative Quarter
	Current Year Quarter 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000	Current Year To-date 30.09.2016 RM'000	Current Year To-date 30.09.2015 RM'000
Cash Flows from Operating Activities				
Profit/ (loss) before taxation	22,426	(51,223)	103,534	(27,332)
Adjustments for :-				
Depreciation and amortisation of property, plant and equipment	11,444	13,440	35,580	38,829
Property, plant and equipment written off	14	3	29	17
Write back of impairment loss for property, plant and equipment	-	-	-	(2,306)
Amortisation of land use rights	2,021	1,961	4,928	5,552
Write back of impairment loss on inventories	865	(1)	865	(1,055)
Gain on fair value changes on quoted investment	5	3	6	6
Gain on disposal of property, plant and equipment	(100)	(6)	(287)	(284)
Impairment loss/ (Write back of impairment loss) on receivable	2,609	(1,250)	2,513	(2,999)
Net loss on redemption of short-term investment	7	-	14	-
Net unrealised foreign exchange loss / (gain)	7,924	71,411	(21,491)	105,867
Fair value loss/ (Gain) of the commodity future contract	4,220	(484)	660	(288)
Share of profit of jointly controlled entities	(4,166)	(4,034)	(9,328)	(2,869)
Share of profit of an associate	(3,021)	(1,472)	(5,283)	(3,610)
Interest expense	7,361	2,925	18,066	10,949
Interest income	(4,105)	(279)	(4,511)	(1,062)
Dividend income	(269)	-	(481)	(3)
Operating profit before working capital changes	<u>47,235</u>	<u>30,994</u>	<u>124,814</u>	<u>119,412</u>
Changes in working capital				
Inventories	(14,227)	(14,347)	(7,690)	(17,105)
Receivables	(17,250)	(8,113)	(10,573)	(7,420)
Payables/ Retirement Benefit	<u>10,286</u>	<u>(1,679)</u>	<u>2,197</u>	<u>(41,788)</u>
Cash generated from operations	26,044	6,855	108,748	53,099
Interest paid	(15,239)	(10,494)	(42,979)	(31,962)
Income tax paid	<u>(5,508)</u>	<u>(11,777)</u>	<u>(20,772)</u>	<u>(36,150)</u>
Net cash generated from/ (utilised in) operating activities	<u>5,297</u>	<u>(15,416)</u>	<u>44,997</u>	<u>(15,013)</u>
Cash Flows from Investing Activities				
Acquisition of subsidiary	-	814	-	(29,751)
Additional investment in subsidiary company	-	-	-	(1,072)
Additional investment in associate company	-	-	(7,985)	-
Redemption of short-term investments	97,247	-	131	307
Withdrawal of deposits	1,400	235	1,427	4,387
Purchase of property, plant and equipment	(8,190)	(12,926)	(23,542)	(57,505)
Payment for oil palm planting expenditure	(23,997)	(35,257)	(59,748)	(101,329)
Payment of forest planting expenditure	(2,653)	(5,741)	(8,696)	(11,961)
Proceeds from disposal of property, plant and equipment	232	343	718	3,210
Interest received	4,105	279	4,511	1,062
Net dividends received	269	-	481	3
Dividend received from jointly controlled entity	-	-	6,500	15,000
Net cash used in investing activities	<u>68,413</u>	<u>(52,253)</u>	<u>(86,203)</u>	<u>(177,649)</u>
Cash Flows from Financing Activities				
Purchase of treasury shares	-	-	(2)	(2)
Net movement in term loans/commercial papers/medium term notes	(37,567)	48,191	219,361	163,935
Net movement in other borrowings	(60,825)	23,754	(128,699)	60,268
Net movement in hire purchase payables	(34)	(268)	(542)	(268)
Dividends paid to non-controlling interests	-	-	(1,470)	(1,470)
Dividends paid	-	-	(26,908)	(33,635)
Net cash generated from financing activities	<u>(98,426)</u>	<u>71,677</u>	<u>61,740</u>	<u>188,828</u>
Net (decrease)/ increase in cash and cash equivalents	(24,716)	4,008	20,534	(3,834)
Cash and cash equivalents at beginning of period	97,185	39,963	51,385	48,633
Effect of foreign exchange rate changes	2,645	(2,082)	4,712	(4,429)
Effect of foreign exchange rate changes on cash and cash equivalents	<u>766</u>	<u>4,306</u>	<u>(751)</u>	<u>5,825</u>
Cash and cash equivalents at end of period	<u><u>75,880</u></u>	<u><u>46,195</u></u>	<u><u>75,880</u></u>	<u><u>46,195</u></u>

**EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30
SEPTEMBER 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 September 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 September 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 September 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 September 2016	4,000	8,607

8. Dividends paid

There were no dividends paid during the quarter ended 30 September 2016.

9. Segmental information

i) Business segments

Cumulative Quarter ended 30 September 2016

	Palm Product RM'000	Wood product manufacturing & forestation RM'000	Bio- Integration & Others RM'000	Consolidated RM'000
SEGMENT REVENUE	542,865	39,400	45,740	628,005
SEGMENT RESULTS	94,514	(2,915)	15,861	107,460
Unallocated corporate expenses				(22,357)
Gains on foreign exchange				21,886
Finance costs				(18,066)
Share of profit of an associate				5,283
Share of profit of jointly controlled entities				9,328
Profit before taxation				103,534
Income taxes				(17,151)
Cumulative profit up to 30 September 2016				86,383
OTHER INFORMATION				
SEGMENTS ASSETS	2,394,651	461,008	223,517	3,079,176
Investment in jointly controlled entities				80,661
Investment in associate				78,933
Unallocated assets				94,648
Consolidated total assets				3,333,418
SEGMENT LIABILITIES	42,143	30,005	45,381	117,529
Borrowings				1,455,685
Deferred Tax liabilities				151,534
Unallocated liabilities				24,038
Consolidated total liabilities				1,748,786

ii) Geographical segments

	Total revenue from external customers RM'000	Segment Assets RM'000
Malaysia	371,920	1,485,269
Europe	9,420	4,846
United States of America	29,630	2,086
Indonesia	201,414	1,840,119
South West Pacific	7,326	-
Others	8,295	1,098
Total	628,005	3,333,418

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.
- c) On 3 August 2016, Bisa Jaya Sdn Bhd, 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.

11. Discontinued operation

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.

12. Commitments

- a) Capital commitments

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

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Approved and contracted for	14,906	31,857
Approved but not contracted for	6,320	14,361
	<u>21,226</u>	<u>46,218</u>

12. Commitments and Contingencies (continued)

b) Operating lease commitments – as lessee

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

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Not later than 1 year	448	683
Later than 1 year and not later than 5 years	707	1,055
Later than 5 years	948	721
	<u>2,103</u>	<u>2,459</u>

c) Operating lease commitments – as lessor

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

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Not later than 1 year	845	219
Later than 1 year and not later than 5 years	657	26
	<u>1,502</u>	<u>245</u>

13. Changes in contingent liabilities or contingent assets

	As at 30.09.2016 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 Plasma Scheme	23,584	17,954
	<u>23,584</u>	<u>17,954</u>

14. Material related party transactions

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

	9 months ended 30 September 2016 RM'000
Sales of crude palm oil	276,041
Sales of palm kernel	66,509

15. Subsequent events

Other than those disclosed in Part B Note (7), 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 Q3, 2016 and current year-to-date were RM213.3 million and RM628.0 million respectively as compared to RM181.4million and RM593.6 million for the same period preceding year.

Core profit for Q3, 2016 of RM30.3 million was 51% higher compared to the corresponding period of RM20.1 million in previous year due to favourable palm segment results and higher profit contribution from associate company. Profit before taxation for the quarter also improved to RM22.4 million against loss before taxation of RM51.2 million for the same quarter last year mainly due to lower foreign exchange translation loss of RM7.9 million against RM71 million of corresponding quarter of previous year.

For current year to date, core profit of RM81.6 million was higher than corresponding period of RM77.9 million mainly due to higher operating profit from Palm segment and higher contribution from jointly controlled entities and associate company. Profit before taxation for the current year to date of RM103.5 million improved significantly compared to corresponding period of loss before taxation of RM27.3 million due mainly to foreign exchange translation gain.

Palm Product

For Q3, 2016, this segment reported a higher operating profit of RM32.3 million due to higher average CPO price of RM2, 453 per MT in Q3, 2016 compared to RM1, 987 per MT in Q3, 2015. FFB production of 151,297 metric tonnes was in line with production of 152,768 metric tonnes for Q3, 2015 despite FFB production in East Malaysia and Kalimantan regions being impacted by the lagged effects of last year's El Nino.

For the current year to date, higher operating profit of RM94.5 million compared to corresponding period of RM88 million in previous year was mainly due to higher average CPO price in 2016 of RM2,356 per MT against RM 2,099 per MT in 2015. However, the FFB production decreased from 449,988 MT in 2015 to 403,447 MT in 2016 due to the prolong dry weather caused by El Nino weather pattern in 2015/2016 having a significant adverse impact especially in Q1 and Q2 of 2016.

Wood Product Manufacturing

Wood product segment achieved higher revenue of RM10.7 million and RM39.4 million for Q3, 2016 and current year to-date compared to RM10.1 million and RM28.2 million respectively for the corresponding period last year.

For Q3, 2016, the lower operating loss of RM0.5 million compared to operating loss of RM1.7million in Q3, 2015 million was due to improved operating margin.

For the current year to date loss of RM2.9 million compared to loss of RM2.7 million of the corresponding period of previous year was mainly attributable to disposal of aging stocks in overseas subsidiaries at lower than average selling price in earlier quarters of 2016.

Bio-integration and Other

This segment reported lower revenue and lower operating profit of RM12.0 million and RM5.7 million for Q3, 2016 and current year to date compared to RM14.0 million and RM7.3 million respectively for the corresponding period in 2015 due to lower sale of cocoa product and electricity.

1. Performance review (continued)

Bio-integration and Other (cont'd)

For the year to date, although higher turnover was recorded, the operating profit of RM15.9 million was lower compared to RM22.4 million in 2015 mainly due to the write back of provision for impairment loss in 2015 on the plant disposal.

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

For Q3, 2016 the Group registered revenue of RM213.3 million compared with the immediate preceding quarter of RM212.5 million. Core operating profit for this quarter was RM30.3 million against RM 26.1 million for the preceding quarter mainly due to improved performance of palm, bio-integrated & other segments coupled with higher profit contribution from associate company. FFB production increased from 116,250 MT in Q2 to 151,296 MT in Q3. However average selling price reduced marginally from RM2,490 per MT in Q2, 2016 to RM2,453 in Q3, 2016.

For Q3, 2016 the group also recorded higher profit before tax of RM22.4 million compared to profit before taxation of RM16.7 million in Q2, 2016 mainly due to lower foreign exchange translation loss of RM7.9 million in Q3, and higher core operating profit.

3. Commentary on the prospects

Palm oil prices soared to their highest level riding on the weakening ringgit in mid Nov 2016 due to concern of an expected overall decline in CPO production in both Indonesia and Malaysia in 2016. Stronger soya oil price is another supportive factor. However price outlook may be damped by declining Indian import due to withdrawal/ exchange of large denomination Rupee notes from circulation and postponement of biodiesel implementation by the Malaysian Government.

The protracted effects of El Niño appear to be wearing off, and good fruit set can be seen. Palm oil volumes are predicted to increase during cyclical high crop yielding Q4 period.

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 continue to 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 30.09.2016 <u>RM'000</u>	Year to date 30.09.2016 <u>RM'000</u>
Interest income	(4,105)	(4,511)
Interest expenses	7,361	18,066
Dividend income	(269)	(481)
Rental income	(295)	(550)
Depreciation and amortization	13,467	40,508
Fair value loss on derivatives		
- Forward currency contracts	433	424
- Commodity future contracts	4,220	660
Net foreign exchange (gain)/ loss		
- Realised	(67)	(395)
- Unrealised	7,491	(21,915)
Net impairment loss on trade and other receivables	2,609	2,513
Net gain on disposal of PPE	(100)	(287)

6. Income Tax Expense

	Quarter 30.09.2016 <u>RM'000</u>	Year to date 30.09.2016 <u>RM'000</u>
Current tax:		
Malaysian income tax	3,060	8,026
Foreign tax	4,086	9,920
(Over)/Under provision in prior year		
Malaysian income tax	(255)	(248)
Foreign tax	(180)	(1,117)
Deferred tax:		
Relating to origination and reversal of temporary differences	917	(2,019)
Under provision in prior year	901	2,589
	<u>8,529</u>	<u>17,151</u>

The effective tax rate of the Group for the quarter is higher than the statutory rate mainly due to higher foreign exchange losses and other non tax deductible expenses.

7. Corporate proposals

The Company has today submitted a formal proposal to the Board of Ekowood in respect of the **Proposed Privatisation** for its consideration.

The Proposed Privatisation which is to be undertaken by way of members' scheme of arrangement under Section 176 of the Act between Ekowood and all the shareholders of Ekowood, other than TSH, involves the acquisition and transfer of all the Ekowood Shares by the Scheme Shareholders to TSH and/or its nominee(s).

In consideration of the acquisition and transfer of each Scheme Share from the Scheme Shareholders to TSH and/or its nominee(s) pursuant to the Scheme, TSH shall pay RM0.40 for each Scheme Share which shall be satisfied entirely via the issuance of new ordinary shares of RM0.50 each in TSH at an issue price of RM1.92.

Based on 54,675,012 Ekowood Shares held by the Scheme Shareholders as at LPD, representing approximately 32.54% of the issued and paid-up share capital of Ekowood, the total consideration for the Proposed Privatisation is RM21,870,004.80 which shall be satisfied via the issuance of up to 11,390,628 new TSH Shares as consideration for the Proposed Privatisation.

The Proposed Privatisation will enable TSH to undertake a review of Ekowood Group's business to improve its financial performance. It also presents an opportunity for the Scheme Shareholders to unlock their investment in Ekowood at a substantial premium whilst continue to participate in the future growth of Ekowood through TSH.

The effects of the Proposed Privatisation on the earnings and earnings per TSH Share are expected to be immaterial. Upon completion of the Proposed Privatisation, Ekowood will become the wholly-owned subsidiary of TSH.

The Proposed Privatisation is subject to the following being obtained:-

- (a) approval of the Scheme (by way of poll) by at least a majority in number and 75% in value to the votes attached to the disinterested shares that are cast either in person or by proxy at the Court Convened Meeting, provided that the value of votes cast against the resolution to approve the Scheme at the Court Convened Meeting is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of Ekowood;
- (b) sanction of the Scheme by the High Court under Section 176 of the Act and the lodgement of an office copy of the sealed order obtained pursuant thereto with the Registrar of Companies Malaysia;
- (c) approval of TSH shareholders at an EGM to be convened for the issuance of the TSH Consideration Shares to TSH's major shareholder, directors and their connected persons.

TSH proposes to apply for a waiver from Bursa Securities from complying with the above requirement. In the event the Proposed Waiver is obtained, no EGM will be convened; and

- (d) Bursa Securities' approval for the listing and quotation for the TSH Consideration Shares on the Main Market of Bursa Securities.

Other than those above, there was no corporate proposal announced at the date of this quarterly report.

8. Group Borrowings and Debt Securities

Comprised:

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Total Group borrowings		
- secured	761,142	641,781
- unsecured	694,543	743,341
Short term borrowings		
- secured	178,626	222,158
- unsecured	539,053	687,851
Long term borrowings		
- secured	582,516	419,623
- unsecured	155,490	55,490

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

	Foreign currencies ('000)	RM Equivalent ('000)
EURO	14	63
USD	121,842	503,877
AUD	24	76
Total		<u>504,016</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, 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 September</u>		<u>YTD ended</u> <u>30 September</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net profit/ (loss) for the quarter/ year (RM'000)	11,087	(48,193)	79,648	(34,672)
Weighted average number of ordinary shares in issue ('000)	1,345,409	1,345,411	1,345,409	1,345,412
Basic earnings/ (loss) per ordinary share (sen)	0.82	(3.58)	5.92	(2.58)

(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 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 30.09.2016 RM'000	As at end of Preceding Year 31.12.2015 RM'000
Total retained profits of TSHR and its Subsidiaries		
- Realised	641,808	767,150
- Unrealised	(143,485)	(213,189)
	498,323	553,961
Total share of retained profits from associated Company		
- Realised	21,603	17,163
- Unrealised	(6,342)	(4,812)
Total share of retained profits from jointly controlled entities		
- Realised	64,001	61,866
- Unrealised	(3,859)	(4,025)
Add: Consolidation adjustments	573,726 14,255	624,153 (88,912)
Total group retained profits as per consolidated accounts	587,981	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 30 November 2016.