

**Condensed Consolidated Statement of Comprehensive Income  
For The Fourth Quarter Ended 31 December 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year To-date 31.12.2016 RM'000	Preceding Year Corresponding Year To-date 31.12.2015 RM'000
Revenue	244,501	205,962	872,506	799,530
Cost of sales	(137,541)	(141,752)	(546,561)	(530,721)
<b>Gross profit</b>	106,960	64,210	325,945	268,809
Other operating income	10,432	2,162	21,465	14,965
Other operating expenses	(69,708)	(35,390)	(214,623)	(170,383)
<b>Operating profit</b>	47,684	30,982	132,787	113,391
Finance costs	(3,331)	(5,394)	(21,396)	(16,343)
Share of profit of an associate	2,032	836	7,314	4,446
Share of profit of jointly controlled entities	2,010	4,066	11,338	6,935
<b>Core profit before taxation</b>	48,395	30,490	130,043	108,429
(Loss)/ Gain on foreign exchange	(38,853)	21,374	(16,967)	(83,900)
Gain on fair value changes on biological asset	-	27,943	-	27,943
Loss on discontinued business	-	(138,260)	-	(138,260)
<b>Profit/ (Loss) before taxation</b>	9,542	(58,453)	113,076	(85,788)
Taxation	(29,187)	(12,090)	(46,338)	(19,451)
<b>Profit/ (Loss) for the period</b>	(19,645)	(70,543)	66,738	(105,239)
<b>Other Comprehensive Income</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences	94,494	44,404	119,783	134,021
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Asset Revaluation Reserve	-	127,778	-	127,778
Remeasurements of net defined benefit liabilities	632	3,805	632	3,823
<b>Other Comprehensive income for the period, net of tax</b>	95,126	175,987	120,415	265,622
<b>Total comprehensive income for the period</b>	<u>75,481</u>	<u>105,444</u>	<u>187,153</u>	<u>160,383</u>
<b>Profit attributable to :</b>				
Owners of the parent	(23,128)	(70,876)	56,520	(105,549)
Non-controlling interests	3,483	333	10,218	310
	<u>(19,645)</u>	<u>(70,543)</u>	<u>66,738</u>	<u>(105,239)</u>
<b>Total comprehensive income attributable to :</b>				
Owners of the parent	68,601	88,329	172,320	139,870
Non-controlling interests	6,880	17,115	14,833	20,513
	<u>75,481</u>	<u>105,444</u>	<u>187,153</u>	<u>160,383</u>
<b>Earnings per share attributable to equity holders of the Company</b>				
Basic (sen)	(1.72)	(5.27)	4.20	(7.85)
Diluted (sen)	(1.72)	(5.27)	4.20	(7.85)

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

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2016**

	<b>As at 31.12.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	823,447	829,080
Biological assets	1,610,542	1,381,462
Land use rights	185,928	188,087
Intangible assets	54,957	59,462
Investments in associates	80,965	65,666
Investments in jointly controlled entities	76,171	77,833
Deferred tax assets	11,511	20,295
Other receivables	71,182	118,212
Investments securities	5,064	5,064
	<u>2,919,767</u>	<u>2,745,161</u>
<b>Current assets</b>		
Inventories	237,483	216,949
Trade and other receivables	173,117	121,517
Other current assets	18,123	18,709
Tax recoverable	26,405	16,065
Investments securities	19	27
Derivative assets	-	613
Short term funds	144	145
Cash and bank balances	131,197	57,311
	<u>586,488</u>	<u>431,336</u>
<b>TOTAL ASSETS</b>	<u><u>3,506,255</u></u>	<u><u>3,176,497</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	672,706	672,706
Share premium	1,301	1,301
Treasury shares	(8)	(6)
Other reserves	262,606	147,438
Retained earnings	565,485	535,241
	<u>1,502,090</u>	<u>1,356,680</u>
<b>Non-controlling interests</b>	157,101	144,661
<b>Total equity</b>	<u>1,659,191</u>	<u>1,501,341</u>
<b>Non-current liabilities</b>		
Retirement benefits	14,421	11,563
Borrowings	871,784	475,113
Hire purchase payables	-	1
Deferred tax liabilities	150,814	150,535
	<u>1,037,019</u>	<u>637,212</u>
<b>Current liabilities</b>		
Borrowings	658,425	910,009
Hire purchase payables	56	616
Trade and other payables	123,098	125,459
Derivative liabilities	8,484	222
Current tax payable	19,982	1,638
	<u>810,045</u>	<u>1,037,944</u>
<b>Total liabilities</b>	<u>1,847,064</u>	<u>1,675,156</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>3,506,255</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

Condensed Consolidated Statement of Changes In Equity  
For The Fourth Quarter Ended 31 December 2016

	Attributable to owners of the parent						Distributable				
	Non-distributable			Share Of Associate Reserves			Foreign currency Translation Reserves	Retained Earnings	Equity attributable to owners of the parent Total	Non-controlling Interests	Equity Total
	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	Retained Earnings RM'000	Equity attributable to owners of the parent Total RM'000	Non-controlling Interests RM'000	Equity Total RM'000
<b>At 1 January 2015</b>	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
<b>Profit for the year</b>	-	-	-	-	-	-	-	(105,549)	(105,549)	310	(105,239)
<b>Other comprehensive income</b>											
Foreign currency translation	-	-	-	-	-	-	128,921	-	128,921	5,100	134,021
Asset Revaluation Reserve	-	-	-	112,675	-	-	-	-	112,675	15,103	127,778
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	3,823	3,823	-	3,823
<b>Other comprehensive income for the year, net of tax</b>	-	-	-	112,675	-	-	128,921	3,823	245,419	20,203	265,622
<b>Total comprehensive income for the period</b>	-	-	-	112,675	-	-	128,921	(101,726)	139,870	20,513	160,383
Issue of ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Issue of bonus shares	-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Adjustment of additional interest in subsidiaries	-	-	-	-	1,480	-	1,480	-	2,960	(1,480)	1,480
Share options granted under ESOS	-	-	-	-	-	22	-	-	22	-	22
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	21,174	21,174
Redemption of preference shares	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(4)	-	-	-	-	-	(4)	-	(4)
Dividends paid	-	-	-	-	-	-	-	(33,635)	(33,635)	-	(33,635)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(1,773)	(1,773)
<b>At 31 December 2015</b>	<u>672,706</u>	<u>1,301</u>	<u>(6)</u>	<u>114,065</u>	<u>13,074</u>	<u>203</u>	<u>20,096</u>	<u>535,241</u>	<u>1,356,680</u>	<u>144,661</u>	<u>1,501,342</u>
<b>At 1 January 2016</b>	672,706	1,301	(6)	114,065	13,074	203	20,096	535,241	1,356,680	144,661	1,501,341
<b>Profit for the year</b>	-	-	-	-	-	-	-	56,520	56,520	10,218	66,738
<b>Other comprehensive income</b>											
Foreign currency translation	-	-	-	-	-	-	115,168	-	115,168	4,615	119,783
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	632	632	-	632
<b>Other comprehensive income for the year, net of tax</b>	-	-	-	-	-	-	115,168	632	115,800	4,615	120,415
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	115,168	57,152	172,320	14,833	187,153
Purchase of treasury shares	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Dividends paid	-	-	-	-	-	-	-	(26,908)	(26,908)	-	(26,908)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	(2,393)	(2,393)
<b>At 31 December 2016</b>	<u>672,706</u>	<u>1,301</u>	<u>(8)</u>	<u>114,065</u>	<u>13,074</u>	<u>203</u>	<u>135,264</u>	<u>565,485</u>	<u>1,502,090</u>	<u>157,101</u>	<u>1,659,191</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 Fourth Quarter Ended 31 December 2016**

	Individual Quarter Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Cumulative Quarter Current Year To-date 31.12.2016 RM'000	Cumulative Quarter Current Year To-date 31.12.2015 RM'000
<b>Cash Flows from Operating Activities</b>				
Profit/ (loss) before taxation	9,542	(58,454)	113,076	(85,788)
Adjustments for :-				
Depreciation and amortisation of property, plant and equipment	5,664	4,962	41,244	43,790
Property, plant and equipment written off	209	317	238	333
Write back of impairment loss for property, plant and equipment	(7)	186,150	(7)	183,845
Amortisation of land use rights	1,829	1,099	6,757	6,651
Net impairment loss on inventories	4,648	(505)	5,512	(1,559)
Gain on fair value changes on quoted investment	2	3	8	10
Gain on disposal of property, plant and equipment	(646)	(2,271)	(933)	(2,555)
Impairment loss/ (Write back of impairment loss) on receivable	(167)	(635)	2,346	(3,633)
Net loss on redemption of short-term investment	(21)	24	(7)	24
Gain from fair value adjustment of forest planting expenditure	-	(27,943)	-	(27,943)
Recognition of deferred capital grants	-	(47,890)	-	(47,890)
Net unrealised foreign exchange loss / (gain)	38,783	(22,205)	17,292	83,662
Fair value loss/ (Gain) of the commodity future contract	6,635	120	7,295	(168)
Share of profit of jointly controlled entities	(2,010)	(4,065)	(11,338)	(6,935)
Share of profit of an associate	(2,032)	(836)	(7,314)	(4,446)
Interest expense	3,331	5,394	21,396	16,343
Interest income	(6,551)	(586)	(11,062)	(1,648)
Dividend income	(144)	(35)	(625)	(38)
Operating profit before working capital changes	<u>59,065</u>	<u>32,644</u>	<u>183,878</u>	<u>152,055</u>
Changes in working capital				
Inventories	(18,230)	(3,336)	(25,921)	(20,441)
Receivables	(5,291)	(14,347)	(15,864)	(21,767)
Payables/ Retirement Benefit	<u>(807)</u>	<u>2,096</u>	<u>1,390</u>	<u>(39,692)</u>
Cash generated from operations	34,738	17,057	143,483	70,155
Interest paid	(15,528)	(15,853)	(58,507)	(47,815)
Income tax paid	<u>(6,792)</u>	<u>(9,007)</u>	<u>(27,564)</u>	<u>(45,157)</u>
Net cash generated from/ (utilised in) operating activities	<u>12,418</u>	<u>(7,803)</u>	<u>57,412</u>	<u>(22,817)</u>
<b>Cash Flows from Investing Activities</b>				
Acquisition of subsidiary	-	(1,479)	-	(31,229)
Additional investment in subsidiary company	-	1,479	-	407
Additional investment in associate company	-	-	(7,985)	-
Redemption of short-term investments	(131)	(33)	-	274
Withdrawal of deposits	(16)	(310)	1,411	4,011
Purchase of property, plant and equipment	(8,231)	(19,400)	(31,773)	(76,906)
Payment for oil palm planting expenditure	(23,304)	(19,186)	(83,051)	(120,515)
Payment of forest planting expenditure	(3,571)	(2,107)	(12,267)	(14,068)
Redemption of short-term investments	7	-	7	-
Withdrawal of pledged deposits	-	-	-	66
Proceeds from disposal of property, plant and equipment	1,194	7,762	1,912	10,973
Net proceeds from disposal of other investment	-	50	-	50
Interest received	6,551	586	11,062	1,648
Net dividends received	144	35	625	38
Dividend received from jointly controlled entity	<u>6,500</u>	<u>-</u>	<u>13,000</u>	<u>15,000</u>
Net cash generated from/(used in) investing activities	<u>(20,857)</u>	<u>(32,603)</u>	<u>(107,059)</u>	<u>(210,251)</u>
<b>Cash Flows from Financing Activities</b>				
Purchase of treasury shares	-	(2)	(2)	(4)
Net movement in term loans/commercial papers/medium term notes	88,628	(48,982)	307,989	114,954
Net movement in other borrowings	(42,982)	94,824	(171,681)	155,091
Net movement in hire purchase payables	(19)	(1,198)	(561)	(1,466)
Dividends paid to non-controlling interests	(923)	(303)	(2,393)	(1,773)
Dividends paid	<u>-</u>	<u>-</u>	<u>(26,908)</u>	<u>(33,635)</u>
Net cash generated from financing activities	<u>44,704</u>	<u>44,339</u>	<u>106,444</u>	<u>233,167</u>
Net (decrease)/ increase in cash and cash equivalents	36,264	3,933	56,797	99
Cash and cash equivalents at beginning of period	75,879	46,195	51,385	48,633
Effect of foreign exchange rate changes	10,031	1,132	14,743	(3,297)
Effect of foreign exchange rate changes on cash and cash equivalents	<u>2,332</u>	<u>125</u>	<u>1,581</u>	<u>5,950</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>124,506</u></u>	<u><u>51,385</u></u>	<u><u>124,506</u></u>	<u><u>51,385</u></u>

**EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31  
DECEMBER 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.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 31 December 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 31 December 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 31 December 2016 is as follows:

	<b>No. of shares</b>	<b>Amount (RM)</b>
Balance as at 1 January 2016	3,000	6,632
Add : Purchase of treasury shares	1,000	1,975
Balance as at 31 December 2016	4,000	8,607

**8. Dividends paid**

There were no dividends paid during the quarter ended 31 December 2016.

## 9. Segmental information

### i) Business segments

Cumulative Quarter ended 31 December 2016

	Palm Product RM'000	Others RM'000	Consolidated RM'000
<b>SEGMENT REVENUE</b>	752,969	119,537	872,506
<b>SEGMENT RESULTS</b>	145,300	17,319	162,619
Unallocated corporate expenses			(29,832)
(Loss) on foreign exchange			(16,967)
Finance costs			(21,396)
Share of profit of an associate			7,314
Share of profit of jointly controlled entities			11,338
Profit before taxation			113,076
Income taxes			(46,338)
Cumulative profit up to 31 December 2016			66,738
<b>OTHER INFORMATION</b>			
<b>SEGMENTS ASSETS</b>	2,513,333	685,986	3,199,319
Investment in jointly controlled entities			76,171
Investment in associate			80,965
Unallocated assets			149,801
Consolidated total assets			3,506,255
<b>SEGMENT LIABILITIES</b>	126,356	70,948	197,304
Borrowings			1,530,209
Deferred Tax liabilities			102,633
Unallocated liabilities			16,918
Consolidated total liabilities			1,847,064

### ii) Geographical segments

	Total revenue from external customers RM'000	Segment Assets RM'000
Malaysia	497,600	1,547,565
Europe	10,568	5,064
United States of America	47,297	2,661
Indonesia	295,183	1,947,200
South West Pacific	12,456	-
Others	9,402	3,765
<b>Total</b>	<b>872,506</b>	<b>3,506,255</b>

## 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

There was no discontinued operation during the quarter ended 31 December 2016.

## 12. Commitments

- a) Capital commitments

The amount of commitments for capital expenditure as at 31 December 2016 is as follows:

	As at 31.12.2016	As at 31.12.2015
	RM'000	RM'000
Approved and contracted for	11,873	31,857
Approved but not contracted for	6,366	14,361
	<u>18,239</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 31.12.2016 RM'000	As at 31.12.2015 RM'000
Not later than 1 year	383	683
Later than 1 year and not later than 5 years	744	1,055
Later than 5 years	913	721
	<u>2,040</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 31.12.2016 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	1,278	26
	<u>1,375</u>	<u>245</u>

## 13. Changes in contingent liabilities or contingent assets

	As at 31.12.2016 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	62,062	17,954

## 14. Material related party transactions

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

	12 months ended 31 December 2016 RM'000
Sales of crude palm oil	366,105
Sales of palm kernel	90,875

**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 Q4, 2016 and current year-to-date were RM244.5 million and RM872.5 million respectively as compared to RM206.0 million and RM799.5 million for the same period preceding year.

Core profit for Q4, 2016 of RM48.4 million was 58.7% higher compared to the corresponding period of RM30.5 million in previous year due to favourable palm product segment results and higher profit contribution from associate company. Profit before taxation for the quarter also improved to RM9.5 million against loss before taxation of RM58.5 million for the same quarter last year despite higher foreign exchange losses of RM38.9 million. Higher loss for Q4, 2015 was due to impairment loss provided for discontinued business operation of its indirect wholly owned subsidiary, Eko Pulp & Paper Sdn Bhd (EPP).

For current year to date, core profit of RM130.0 million was 19.9 % higher than preceding year of RM108.4 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 RM113.1 million improved significantly compared to preceding year's loss before taxation of RM85.8 million due mainly to lower foreign exchange loss. Loss in 2015 also included impairment loss on EPP.

#### **1.1 Palm Product**

For Q4, 2016, this segment reported a higher operating profit of RM50.8 million due to higher average CPO price of RM2,784 per MT in Q4, 2016 compared to RM2,007 per MT in Q4, 2015. FFB production of 192,374 MT was slightly lower than production of 198,734 MT for Q4, 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 RM145.3 million compared to RM115.9 million in previous year was mainly due to higher average CPO price in 2016 of RM2,454 per MT against RM 2,074 per MT in 2015. However, the FFB production decreased from 648,722 MT in 2015 to 595,821 MT in 2016 due to the prolong dry weather caused by El Nino weather pattern in 2015/2016 which had a significant adverse impact on the production especially in Q1 and Q2 of 2016.

#### **1.2 Others**

This segment reported higher revenue of RM34.4 million and RM119.5 million for the Q4 and current year to-date respectively compared to RM28.5 million and RM100.5 million for the corresponding period of preceding year mainly due to higher cocoa product revenue.

Operating profit for Q4 of RM4.4 million was slightly higher than the RM4.1 of the corresponding quarter of preceding year mainly due to higher sales of cocoa product and favourable cocoa butter ratio and prices combined with improved operating margin in wood division.

**1. Performance review (continued)**

**1.2 Others (continued)**

However, for the current year to date, it registered a lower operating profit of RM17.3 million compared to RM23.8 million of preceding year due mainly to lower contribution from bio-integration division. Sale of electricity was lower compared to preceding year as a result of lower supply of biomass input materials caused by the lower FFB production in the Sabah Region. Higher profit in 2015 was also due to write back of impairment on properties and inventories.

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

For Q4, 2016 the Group registered revenue of RM244.5 million compared with the immediate preceding quarter of RM213.3 million. Core operating profit for this quarter was RM48.4 million against RM 30.3 million for the preceding quarter mainly due to improved performance of palm segment.

FFB production increased from 151,297 MT in Q3 to 192,374 MT in Q4. The average selling price also surged from RM2,453 per MT in Q3, 2016 to RM2,784 in Q4, 2016.

However, for Q4, 2016 the group recorded lower profit before tax of RM9.5 million compared to profit before taxation of RM22.4 million in Q3, 2016 mainly due to higher foreign exchange translation loss of RM38.9 million in Q4 against RM7.9 million in Q3, 2014.

**3. Commentary on the prospects**

Palm oil prices have undergone a meaningful correction from the high of RM 3,288 recorded in early February 2017 due to expectation of improved production as palms recover from El Nino stress and lower than expected demand.

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 2017.

**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 31.12.2016 <u>RM'000</u>	Year to date 31.12.2016 <u>RM'000</u>
Interest income	(6,551)	(11,062)
Interest expenses	3,331	21,396
Dividend income	(144)	(625)
Rental income	(209)	(759)
Depreciation and amortization	7,493	48,001
Fair value loss on derivatives		
- Forward currency contracts	1,056	1,481
- Commodity future contracts	6,635	7,295
Net foreign exchange (gain)/ loss		
- Realised	70	(325)
- Unrealised	37,727	15,812
Net impairment loss on trade and other receivable	(167)	2,346
Net impairment loss on inventories	4,648	5,512
Net gain on disposal of property, plant and equipment	(646)	(933)

## 6. Income Tax Expense

	Quarter 31.12.2016 <u>RM'000</u>	Year to date 31.12.2016 <u>RM'000</u>
Current tax:		
Malaysian income tax	3,276	11,302
Foreign tax	12,471	22,391
(Over)/Under provision in prior year		
Malaysian income tax	4,190	3,942
Foreign tax	(23)	(1,140)
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,781)	(3,800)
Under provision in prior year	11,054	13,643
	<u>29,187</u>	<u>46,338</u>

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

## 7. Corporate proposals

The Company has dated 30 Nov 2016 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.

As at to-date, the Proposed Privatisation is still 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 Companies Commission of Malaysia;

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

## 8. Group Borrowings and Debt Securities

Comprised:

	<b>As at 31.12.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>Total Group borrowings</b>		
- secured	849,770	641,781
- unsecured	680,439	743,341
<b>Short term borrowings</b>		
- secured	133,476	222,158
- unsecured	524,949	687,851
<b>Long term borrowings</b>		
- secured	716,294	419,623
- unsecured	155,490	55,490

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

	<b>Foreign currencies ( '000)</b>	<b>RM Equivalent ( '000)</b>
EURO	19	91
USD	97,766	438,577
AUD	24	79
Total		<u>438,747</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 first and final single tier dividend in respect of the financial year ended 31 December, 2016 of 2.00 sen per ordinary share will be proposed for 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net profit/ (loss) for the quarter/ year (RM'000)	(23,128)	(70,876)	56,520	(105,549)
Weighted average number of ordinary shares in issue ('000)	1,345,408	1,345,410	1,345,409	1,345,411
Basic earnings/ (loss) per ordinary share (sen)	(1.72)	(5.27)	4.20	(7.85)

### (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 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.

	<b>As at end of current quarter 31.12.2016 RM'000</b>	<b>As at end of Preceding Year 31.12.2015 RM'000</b>
Total retained profits of TSHR and its Subsidiaries		
- Realised	630,802	767,150
- Unrealised	(54,000)	(213,189)
	576,802	553,961
Total share of retained profits from associated Company		
- Realised	24,071	17,163
- Unrealised	(6,934)	(4,812)
Total share of retained profits from jointly controlled entities		
- Realised	63,488	61,866
- Unrealised	(3,596)	(4,025)
Add: Consolidation adjustments	653,831 (88,346)	624,153 (88,912)
Total group retained profits as per consolidated accounts	565,485	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 27 February 2017.