

Condensed Consolidated Statement of Comprehensive Income
For The Quarter and Six Months Ended 30 June 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2017 RM'000	Preceding Year Corresponding Quarter 30.06.2016 RM'000	Current Year To-date 30.06.2017 RM'000	Preceding Year Corresponding Year To-date 30.06.2016 RM'000
Revenue	258,231	212,470	546,731	414,746
Cost of sales	<u>(165,775)</u>	<u>(143,753)</u>	<u>(362,593)</u>	<u>(271,516)</u>
Gross profit	92,456	68,717	184,138	143,230
Other operating income	2,865	4,048	10,753	7,265
Other operating expenses	<u>(48,953)</u>	<u>(47,044)</u>	<u>(100,144)</u>	<u>(95,850)</u>
Operating profit	46,368	25,721	94,747	54,645
Finance costs	(8,840)	(5,807)	(18,536)	(10,705)
Share of profit of an associate	2,061	1,825	3,855	2,261
Share of (loss)/ profit of jointly controlled entities	<u>(1,332)</u>	<u>4,394</u>	<u>(743)</u>	<u>5,162</u>
Core profit before taxation	38,257	26,133	79,323	51,363
Gain/ (Loss) on foreign exchange	3,264	(9,412)	11,111	29,743
Profit before taxation	41,521	16,721	90,434	81,106
Taxation	<u>(10,146)</u>	<u>(1,349)</u>	<u>(20,197)</u>	<u>(8,621)</u>
Profit for the period	<u>31,375</u>	<u>15,372</u>	<u>70,237</u>	<u>72,485</u>
Other Comprehensive (Loss)/ Income <i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences	(51,984)	56,056	(59,808)	(36,393)
Other Comprehensive (loss)/ income for the period, net of tax	<u>(51,984)</u>	<u>56,056</u>	<u>(59,808)</u>	<u>(36,393)</u>
Total comprehensive (loss)/ income for the period	<u>(20,609)</u>	<u>71,428</u>	<u>10,429</u>	<u>36,092</u>
Profit attributable to :				
Owners of the parent	27,699	13,838	61,647	68,560
Non-controlling interests	<u>3,676</u>	<u>1,534</u>	<u>8,590</u>	<u>3,925</u>
	<u>31,375</u>	<u>15,372</u>	<u>70,237</u>	<u>72,485</u>
Total comprehensive (loss)/ income attributable to :				
Owners of the parent	(22,075)	67,946	2,038	33,133
Non-controlling interests	<u>1,466</u>	<u>3,482</u>	<u>8,391</u>	<u>2,959</u>
	<u>(20,609)</u>	<u>71,428</u>	<u>10,429</u>	<u>36,092</u>
Earnings per share attributable to equity holders of the Company				
Basic (sen)	2.04	1.03	4.57	5.10
Diluted (sen)	2.04	1.03	4.57	5.10

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016

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

Condensed Consolidated Statement of Financial Position
As at 30 June 2017

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	806,571	824,724
Biological assets	1,648,987	1,625,886
Land use rights	197,886	201,562
Intangible assets	59,539	61,057
Investments in associates	82,603	80,849
Investments in jointly controlled entities	75,028	75,772
Deferred tax assets	17,262	18,543
Other receivables	68,505	71,023
Investments securities	5,064	5,064
	<u>2,961,445</u>	<u>2,964,480</u>
Current assets		
Inventories	213,290	237,589
Trade and other receivables	106,882	132,846
Other current assets	16,290	27,456
Tax recoverable	8,111	15,923
Investments securities	20	19
Derivative assets	-	836
Short term funds	-	144
Cash and bank balances	103,937	131,202
	<u>448,530</u>	<u>546,015</u>
TOTAL ASSETS	<u><u>3,409,975</u></u>	<u><u>3,510,495</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	699,286	672,706
Share premium	-	1,301
Treasury shares	(8)	(8)
Other reserves	200,494	263,548
Retained earnings	613,570	569,437
	<u>1,513,342</u>	<u>1,506,984</u>
Non-controlling interests	130,769	156,444
Total equity	<u>1,644,111</u>	<u>1,663,428</u>
Non-current liabilities		
Retirement benefits	14,562	14,582
Borrowings	807,497	866,784
Deferred tax liabilities	156,392	157,443
	<u>978,451</u>	<u>1,038,809</u>
Current liabilities		
Borrowings	672,217	663,425
Hire purchase payables	-	41
Trade and other payables	104,405	122,700
Derivative liabilities	1,552	10,243
Current tax payable	9,239	11,849
	<u>787,413</u>	<u>808,258</u>
Total liabilities	<u>1,765,864</u>	<u>1,847,067</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,409,975</u></u>	<u><u>3,510,495</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 2016

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

Condensed Consolidated Statement of Changes In Equity
For The Six Months Ended 30 June 2017

	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
At 1 January 2016	672,706	1,301	(6)	114,065	13,074	203	20,096	535,241	1,356,680	144,661	1,501,341
- prior year adjustment	-	-	-	-	-	-	-	-	-	-	-
- as restated	672,706	1,301	(6)	114,065	13,074	203	20,096	535,241	1,356,680	144,661	1,501,341
Profit for the period	-	-	-	-	-	-	-	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 period, 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)
Dividends paid	-	-	-	-	-	-	-	(26,908)	(26,908)	-	(26,908)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	(1,470)	(1,470)
At 30 June 2016	672,706	1,301	(6)	114,065	13,074	203	(15,331)	576,893	1,362,903	146,150	1,509,053
At 1 January 2017	672,706	1,301	(8)	111,753	13,074	231	138,490	569,437	1,506,984	156,444	1,663,428
Profit for the period	-	-	-	-	-	-	-	61,647	61,647	8,590	70,237
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	(59,609)	-	(59,609)	(199)	(59,808)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	(59,609)	-	(59,609)	(199)	(59,808)
Total comprehensive income for the period	-	-	-	-	-	-	(59,609)	61,647	2,038	8,391	10,429
Issue of ordinary shares for privatisation undertaken	21,869	-	-	-	-	-	-	9,622	31,491	(31,491)	-
Utilization of share premium for issuing expenses	(35)	-	-	-	-	-	-	-	(35)	35	-
Transition to non par value regime	4,746	(1,301)	-	-	(3,445)	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(27,136)	(27,136)	-	(27,136)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	(2,610)	(2,610)
At 30 June 2017	699,286	-	(8)	111,753	9,629	231	78,881	613,570	1,513,342	130,769	1,644,111

* The amounts standing in credit of the share premium and capital redemption reserve have been re-classified into share capital as required by Section 618(2) of the Companies Act 2016 ("CA 2016") which came into effect on 31 January 2017. Notwithstanding this, the Group may within 24 months upon commencement of the CA 2016 exercise its rights to use the credit amount from share premium account for the purposes set out in Section 618 (3) of the CA 2016.

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 2016

**Condensed Consolidated Statement of Cash Flows
For The Six Months Ended 30 June 2017**

	Six Months Ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit/ (loss) before taxation	90,434	81,106
Adjustments for :-		
Depreciation and amortisation of property, plant and equipment	24,692	24,135
Property, plant and equipment written off	457	15
Amortisation of land use rights	3,418	2,907
Inventories written back	(217)	-
Loss/ (Gain) on fair value changes on quoted investment	(1)	2
Net (Gain)/ Loss on disposal of property, plant and equipment	58	(187)
Impairment loss/ (Write back of impairment loss) on receivable	335	(96)
Amortisation of biological assets	132	-
Net unrealised foreign exchange gain	(10,618)	(29,415)
Fair value Gain of the commodity future contract	(6,401)	(3,559)
Share of profit of jointly controlled entities	743	(5,162)
Share of profit of an associate	(3,855)	(2,261)
Interest expense	18,536	10,705
Interest income	(2,895)	(406)
Dividend income	(60)	(211)
Operating profit before working capital changes	<u>114,758</u>	<u>77,573</u>
Changes in working capital		
Inventories	24,036	6,537
Receivables	41,040	6,683
Payables	<u>(20,877)</u>	<u>(8,088)</u>
Cash generated from operations	158,957	82,705
Interest paid	(18,536)	(10,704)
Income tax paid	<u>(11,617)</u>	<u>(15,263)</u>
Net cash generated from/ (utilised in) operating activities	<u>128,804</u>	<u>56,738</u>
Cash Flows from Investing Activities		
Additional investment in associate company	-	(7,985)
Redemption/ (purchase) of short-term investments	144	(97,116)
(Placement)/ Withdrawal of deposits	152	27
Purchase of property, plant and equipment	(29,004)	(15,352)
Payment for oil palm planting expenditure	(55,083)	(52,786)
Payment of forest planting expenditure	(5,488)	(6,043)
Proceeds from disposal of property, plant and equipment	2,005	486
Interest received	2,895	406
Net dividends received	60	211
Dividend received from an associate	2,101	6,500
Net cash generated from/(used in) investing activities	<u>(82,218)</u>	<u>(171,652)</u>
Cash Flows from Financing Activities		
Purchase of treasury shares	-	(2)
Net (repayment)/ drawdown of term loans/commercial papers/medium term notes	(120,508)	256,928
Net drawdown/ (repayment) in other borrowings	78,080	(67,873)
Hire purchase payment	(40)	(508)
Dividends paid to non-controlling interests	(2,610)	(1,470)
Dividends paid	<u>(27,136)</u>	<u>(26,908)</u>
Net cash generated from financing activities	<u>(72,214)</u>	<u>160,167</u>
Net (decrease)/ increase in cash and cash equivalents	(25,628)	45,253
Cash and cash equivalents at beginning of period	124,511	51,385
Effect of foreign exchange rate changes	(3,086)	2,067
Effect of foreign exchange rate changes on cash and cash equivalents	<u>1,341</u>	<u>(1,521)</u>
Cash and cash equivalents at end of period	<u><u>97,138</u></u>	<u><u>97,184</u></u>

EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017

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 2016.

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 2016.

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 2016 except for the following Amendments to FRSs and Annual improvement which take effect from 1 January 2017.

Description	Effective for annual periods beginning on or after
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Annual Improvements to FRS Standards 2014 – 2016</i>	1 January 2017

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

The MFRS Framework 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’).

2. Changes in Accounting Policies (continued)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

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 quarter ended 30 June 2017 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 2016 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 2017.

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 other issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

Share Capital

The movement of the issued and fully paid-up ordinary shares of the Company during the quarter and the financial year to date ended 30 June 2017 are as follow:-

Particulars	No. of shares	Amount (RM)
Balance as at 1 January 2017	1,345,412,443	677,417,080
New Issued shares	11,390,066	21,868,927
Balance as at 30 June 2017	1,356,802,509	699,286,007

8. Dividends paid

A first and final single tier dividend of 2.0 sen per ordinary share for the year ended 31 December 2016, amounting to RM 27,135,970 was paid on 16 June 2017.

9. Segmental information

i) Business segments

Cumulative Quarter ended 30 June 2017

	Palm Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
External Revenue	481,894	64,837	-	546,731
Inter-Segment	13,376	-	(13,376)	-
TOTAL REVENUE	495,270	64,837	(13,376)	546,731
SEGMENT RESULTS	96,813	8,001		104,814
Unallocated corporate expenses				(10,067)
Gains on foreign exchange				11,111
Finance costs				(18,536)
Share of profit of an associate				3,855
Share of profit of jointly controlled entities				(743)
Profit before taxation				90,434
Income taxes				(20,197)
Cumulative profit up to 30 June 2017				70,237
OTHER INFORMATION				
SEGMENTS ASSETS	2,490,526	678,110		3,168,636
Investment in jointly controlled entities				75,028
Investment in associate				82,603
Unallocated assets				83,708
Consolidated total assets				3,409,975
SEGMENT LIABILITIES	41,867	68,727		110,594
Borrowings				1,479,714
Deferred Tax liabilities				156,392
Unallocated liabilities				19,164
Consolidated total liabilities				1,765,864

9. Segmental information (continued)

ii) Geographical segments

	Total revenue from external customers RM'000	Segment Assets RM'000
Malaysia	334,486	1,466,163
Europe	-	5,206
United States of America	28,931	3,793
Indonesia	183,314	1,933,708
Others	-	1,105
Total	546,731	3,409,975

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) The following wholly-owned subsidiaries of the Company, have been struck-off and deemed dissolved following the publication of the notice of striking off pursuant to Section 308(4) of the Companies Act 1965 and Section 551(3) of the Companies Act 2016.
 - i. Eko Paper International Sdn. Bhd.
 - ii. Bioworld Enterprise Sdn. Bhd.
- d) The following wholly-owned subsidiaries of the Company, have made applications to the Companies Commission of Malaysia (“CCM”) to strike-off their names from the Register of the CCM in previous year.
 - i. Ekowood Energy Sdn. Bhd.
 - ii. TSH BioDiesel Sdn. Bhd.
 - iii. Bisa Jaya Sdn. Bhd.

The striking-off of the above subsidiaries are pending the publication of the notice of striking off in the gazette.

- e) On 14 April 2017, 11,390,066 TSH Consideration Shares were issued and allotted to the Scheme Shareholders whose names appeared in the Record of Depositors of Ekowood International Berhad (“Ekowood”). Following the satisfaction of the Offer Price, the Privatisation of Ekowood is completed and Ekowood is now a wholly-owned subsidiary of the Company.

11. Discontinued operation

There was no discontinued operation during the quarter ended 30 June 2017.

12. Commitments

a) Capital commitments

The amount of commitments for capital expenditure as at 30 June 2017 is as follows:

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Approved and contracted for	4,816	11,485
Approved but not contracted for	9,927	6,366
	<u>14,743</u>	<u>17,851</u>

b) Operating lease commitments – as lessee

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

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Not later than 1 year	448	375
Later than 1 year and not later than 5 years	980	692
Later than 5 years	875	938
	<u>2,303</u>	<u>2,005</u>

c) Operating lease commitments – as lessor

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

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Not later than 1 year	747	989
Later than 1 year and not later than 5 years	318	551
	<u>1,065</u>	<u>1,540</u>

13. Changes in contingent liabilities or contingent assets

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Guarantee given to PT. Bank CIMB Niaga, TBK, to secure loan for Pembangunan Kebun Kelapa Sawit Plasma under Plasma Scheme	<u>58,680</u>	<u>62,062</u>

14. Material related party transactions

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

	6 months ended 30 June 2017 RM'000
Sales of crude palm oil	238,329
Sales of palm kernel	53,514

15. Subsequent events

- a) On 24 July 2017, TSH has successfully completed the placement of 25,000,000 new ordinary shares in TSH Resources Berhad ("TSH") to a 3rd party, representing approximately 1.84% of the issued share capital of TSH.

The Issue Price has been fixed at RM1.65 per TSH Share. Accordingly, the gross proceeds raised from the Placement amounted to RM41.25 million.

The Placement is not expected to have any material effect on the consolidated earnings of TSH for the financial year ending 31 December 2017. Nevertheless, barring unforeseen circumstances, the Placement is expected to contribute positively to the future earnings of the TSH Group when the benefits of the utilisation of proceeds raised from the Placement are realised.

The EPS of the TSH Group is expected to be diluted as a result of the increase in the number of TSH Shares in issue pursuant to the issuance of the Placement Shares.

- b) On 1 August 2017, the Company incorporated a new wholly-owned subsidiary in Singapore under the name of TSH Agri Pte. Ltd. ("TSH Agri") with an initial paid-up capital of SGD100.00

The intended activities of TSH Agri Pte. Ltd. are investment holding, oil palm cultivation and forest plantation.

The incorporation of TSH Agri is not expected to have any material impact on the Group's earnings per share or net tangible assets per share for the financial year ending 31 December 2017.

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

1. Performance review

The Group's revenues for the current quarter and first half of the year were RM258.2 million and RM546.7 million respectively, compared to RM212.5 million and RM414.7 million for the preceding year corresponding periods. This was mainly attributable to the higher average Crude Palm Oil ("CPO") price and increase in Fresh Fruit Bunch ("FFB") production.

In line with the increase in revenue, core profits for the current quarter and first half of the year also increased by 46% and 54% to RM38.3 million and RM79.3 million, respectively from RM26.1 million and 51.4 million registered in the preceding year corresponding periods.

Profit before taxation for the current quarter increased to RM41.5 million from RM16.7 million for the corresponding quarter in the preceding year mainly due to the higher core profit. In addition, the Group registered a net foreign exchange gain of RM3.3 million compared to a net foreign exchange loss of RM9.4 million in the preceding year corresponding quarter. Profit before taxation for the first half also increased to RM90.4 million from RM81.1 million registered for the corresponding period preceding year due to higher operating profit, despite a lower net foreign exchange gain.

1.1 Palm Product

This segment reported higher revenues of RM229.4 million and RM481.9 million for the current quarter and the first half of the year respectively, compared to RM184.0 million and RM352.3 million for the corresponding periods in the preceding year mainly due to higher average CPO price and higher FFB production.

Average CPO prices for the current quarter and first half of the year were RM2,656 per MT and RM2,805 per MT respectively, compared to RM2,490 per MT and RM2,309 per MT for the corresponding periods in the preceding year. As for FFB production the Group achieved 176,090 MT and 324,903 MT in the current quarter and first half of the year respectively, representing increases of 51% and 29% compared to 116,250 MT and 252,150MT achieved in the corresponding periods in the preceding year.

1.2 Others

This segment reported higher revenue of RM28.8 million and RM64.8 million for the current quarter and first half of the year respectively, compared to RM28.5 million and RM62.4 million for the corresponding periods in the preceding year mainly due to higher cocoa product revenue.

Operating profit for the current quarter of RM3.9 million was slightly higher compared to RM3.2 million in corresponding quarter in the preceding year mainly due to higher sales of cocoa product, favourable cocoa butter ratio and cocoa butter prices combined with higher electricity and steam sales by the bio-integration division.

For the current first half of the year, it registered slightly higher operating profit of RM8.0 million compared to RM7.8 million in preceding year due mainly to higher contribution from the cocoa division.

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

The Group registered revenue of RM258.2 million in the current quarter compared with RM288.5 million in the immediate preceding quarter. Core operating profit for the current quarter was RM38.3 million against RM 41.1 million for the preceding quarter. The decline in revenue and core operating profit was mainly due to the drop in average CPO price from RM2,985 per MT in the preceding quarter to RM2,656 per MT in the current quarter.

A lower net foreign exchange gain of RM3.3 million in the current quarter compared to RM7.8 million in the preceding quarter further resulted in a lower profit before tax of RM41.5 million compared to RM48.9 million in the preceding quarter.

3. Commentary on the prospects

The Group expects palm oil yields to extend its rebound in the second half of the year as the impact of El Nino has waned. Production should also improve due to better age profile as more oil palm trees reach optimum yield and with more planted areas coming into maturity and harvesting stage.

The Board is optimistic on the long term prospect of the palm oil industry due to the higher per capital income, many health qualities of palm oil and population growth, which will drive greater demand. Palm products segment which accounts for more than 85% of the revenue and profit for the Group will remain a significant contributor to Group profit. Management will continue its focus on the productivity and efficiency improvement to reduce unit cost of production 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:

	Individual Quarter 30.06.2017 RM'000	Cumulative Quarters 30.06.2017 RM'000
Interest income	(1,878)	(2,895)
Interest expenses	8,840	18,536
Dividend income	(58)	(60)
Rental income	(206)	(422)
Depreciation and amortization	14,103	28,242
Fair value gain on derivatives		
- Forward currency contracts	(152)	(965)
- Commodity future contracts	(2,175)	(6,401)
Net foreign exchange gain		
- Realised	(1,083)	(493)
- Unrealised	(2,029)	(9,653)
Net impairment loss on trade and other receivables	62	335
Net loss/ (Gain) on disposal of property, plant and equipment	(660)	58
Write back of impairment on inventories	(217)	(217)

6. Income Tax Expense

	Individual Quarter 30.06.2017 RM'000	Cumulative Quarters 30.06.2017 RM'000
Current tax:		
Malaysian income tax	4,314	8,442
Foreign tax	3,747	9,027
Under provision in prior year		
Malaysian income tax	130	130
Foreign tax	1,375	1,375
Deferred tax:		
Relating to origination and reversal of temporary differences	888	1,531
Over provision in prior year	(308)	(308)
	<u>10,146</u>	<u>20,197</u>

The effective tax rate of the Group for the quarter is lower than the statutory rate mainly due to foreign exchange gain which is not taxable.

7. Corporate proposals

There was no corporate proposal announced and not completed at the date of this quarterly report.

8. Group Borrowings and Debt Securities

Comprised:

	As at 2nd quarter ended 30 June 2017					
	Shor term		Long term		Total	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured	51,880	10,000	114,152	57,862	166,032	67,862
Unsecured	180,554	429,783	-	635,483	180,554	1,065,266
Total	232,434	439,783	114,152	693,345	346,586	1,133,128

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, 2017.

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.

	Individual Quarter		Cumulative Quarters	
	<u>30.06.2017</u>	<u>30.06.2016</u>	<u>30.06.2017</u>	<u>30.06.2016</u>
Net profit for the quarter (RM'000)	27,699	13,838	61,647	68,560
Weighted average number of ordinary shares in issue ('000)	1,354,671	1,345,409	1,350,065	1,345,409
Basic earnings per ordinary share (sen)	2.04	1.03	4.57	5.10

(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 2017 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 30.06.2017 RM'000	As at end of Preceding Year 31.12.2016 RM'000
Total retained profits of TSHR and its Subsidiaries		
- Realised	672,580	729,268
- Unrealised	(162,574)	(218,857)
	510,006	510,411
Total share of retained profits from associated Company		
- Realised	26,990	24,071
- Unrealised	(8,191)	(6,934)
Total share of retained profits from jointly controlled entities		
- Realised	58,405	59,568
- Unrealised	(3,889)	(3,788)
Add: Consolidation adjustments	583,321 30,249	583,328 (13,891)
Total group retained profits as per consolidated accounts	613,570	569,437

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 24 Aug 2017.