

**Condensed Consolidated Statement of Comprehensive Income  
For The Quarter and Year Ended 31 December 2017**

	Quarter Ended			Year Ended		
	31.12.2017 RM'000	31.12.2016 RM'000	Changes %	31.12.2017 RM'000	31.12.2016 RM'000	Changes %
Revenue	269,954	244,299	11%	1,073,507	872,304	23%
Cost of sales	(177,814)	(151,380)	17%	(692,803)	(560,402)	24%
<b>Gross profit</b>	92,140	92,919	-1%	380,704	311,902	22%
Other operating income	25,727	17,043	51%	39,011	28,077	39%
Other operating expenses	(65,072)	(61,624)	6%	(215,098)	(206,539)	4%
<b>Operating profit</b>	52,795	48,338	9%	204,617	133,440	53%
Finance costs	(12,717)	(3,298)	286%	(41,772)	(21,363)	96%
Share of profit of an associate	2,758	1,887	46%	9,276	7,170	29%
Share of profit of jointly controlled entities	5,850	1,611	263%	7,535	10,939	-31%
<b>Core profit before taxation</b>	48,686	48,538	0%	179,656	130,186	38%
Gain/ (Loss) on foreign exchange	4,529	(39,408)	n.m	16,747	(17,522)	n.m
(Loss)/ Gain on fair value changes on biological asset	(4,310)	916	-570%	(4,310)	916	-570%
<b>Profit before taxation</b>	48,905	10,046	387%	192,093	113,580	69%
Taxation	(15,586)	(29,371)	-47%	(49,545)	(46,521)	7%
<b>Profit for the period</b>	33,319	(19,325)	n.m	142,548	67,059	113%
<b>Other Comprehensive (Loss)/ Income</b>						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	(86,747)	98,098	-188%	(196,955)	123,387	-260%
<i>Item that will not be reclassified subsequently to profit or loss:</i>						
Remeasurements of net defined benefit liabilities	(1,807)	917	-297%	(1,807)	917	-297%
<b>Other Comprehensive (loss)/ income for the period, net of tax</b>	(88,554)	99,015	-189%	(198,762)	124,304	-260%
<b>Total comprehensive (loss)/ income for the period</b>	(55,235)	79,690	-169%	(56,214)	191,363	-129%
<b>Profit attributable to :</b>						
Owners of the parent	21,626	(21,774)	n.m	113,969	57,875	97%
Non-controlling interests	11,693	2,449	377%	28,579	9,184	211%
	33,319	(19,325)	n.m	142,548	67,059	113%
<b>Total comprehensive (loss)/ income attributable to :</b>						
Owners of the parent	(62,865)	73,465	-186%	(78,039)	177,186	-144%
Non-controlling interests	7,630	6,225	23%	21,825	14,177	54%
	(55,235)	79,690	-169%	(56,214)	191,363	-129%
<b>Earnings per share attributable to equity holders of the Company</b>						
Basic (sen)	1.57	(1.62)	n.m	8.35	4.30	94%
Diluted (sen)	1.57	(1.62)	n.m	8.35	4.30	94%

n.m = Not meaningful

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

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2017**

	<b>As at 31.12.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	767,745	824,724
Biological assets	1,612,368	1,625,886
Land use rights	182,219	201,562
Intangible assets	57,493	61,057
Investments in associates	85,922	80,849
Investments in jointly controlled entities	73,307	75,772
Deferred tax assets	18,146	18,543
Other receivables	64,800	71,023
Investments securities	50	5,064
	<u>2,862,050</u>	<u>2,964,480</u>
<b>Current assets</b>		
Inventories	211,537	237,589
Trade and other receivables	102,802	132,846
Other current assets	18,648	27,456
Tax recoverable	4,938	15,923
Investments securities	27	19
Derivative assets	5,424	836
Short term funds	-	144
Cash and bank balances	139,280	131,202
	<u>482,656</u>	<u>546,015</u>
<b>TOTAL ASSETS</b>	<u><u>3,344,706</u></u>	<u><u>3,510,495</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	740,513	672,706
Share premium	-	1,301
Treasury shares	(8)	(8)
Other reserves	67,846	263,548
Retained earnings	666,141	569,437
	<u>1,474,492</u>	<u>1,506,984</u>
<b>Non-controlling interests</b>	131,233	156,444
<b>Total equity</b>	<u><u>1,605,725</u></u>	<u><u>1,663,428</u></u>
<b>Non-current liabilities</b>		
Retirement benefits	15,955	14,582
Borrowings	793,434	866,784
Hire purchase payables	122	-
Deferred tax liabilities	154,423	157,443
	<u>963,934</u>	<u>1,038,809</u>
<b>Current liabilities</b>		
Borrowings	649,090	663,425
Hire purchase payables	35	41
Trade and other payables	110,272	122,700
Derivative liabilities	124	10,243
Current tax payable	15,526	11,849
	<u>775,047</u>	<u>808,258</u>
<b>Total liabilities</b>	<u><u>1,738,981</u></u>	<u><u>1,847,067</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>3,344,706</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

Condensed Consolidated Statement of Changes In Equity  
For The Year Ended 31 December 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
	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 2017</b>	672,706	1,301	(8)	111,753	13,074	231	138,490	569,437	1,506,984	156,444	1,663,428	
<b>Profit for the period</b>	-	-	-	-	-	-	-	113,969	113,969	28,579	142,548	
<b>Other comprehensive income</b>												
Foreign currency translation	-	-	-	-	-	-	(190,409)	-	(190,409)	(6,546)	(196,955)	
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	(1,599)	(1,599)	(208)	(1,807)	
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	-	-	-	(190,409)	(1,599)	(192,008)	(6,754)	(198,762)	
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	(190,409)	112,370	(78,039)	21,825	(56,214)	
Issue of ordinary shares for privatisation undertaken, net of expenses	21,834	-	-	-	-	-	-	9,622	31,456	(31,491)	(35)	
Issue of ordinary shares, net of expenses	41,227	-	-	-	-	-	-	-	41,227	-	41,227	
Revaluation reserve realised upon depreciation charged	-	-	-	(1,848)	-	-	-	1,848	-	-	-	
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	-	-	-	-	-	-	-	-	-	(15,545)	(15,545)	
<b>At 31 December 2017</b>	<u>740,513</u>	<u>-</u>	<u>(8)</u>	<u>109,905</u>	<u>9,629</u>	<u>231</u>	<u>(51,919)</u>	<u>666,141</u>	<u>1,474,492</u>	<u>131,233</u>	<u>1,605,725</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 period</b>	-	-	-	-	-	-	-	57,875	57,875	9,184	67,059	
<b>Other comprehensive income</b>												
Foreign currency translation	-	-	-	-	-	-	118,394	-	118,394	4,993	123,387	
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	917	917	-	917	
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	-	-	-	118,394	917	119,311	4,993	124,304	
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	118,394	58,792	177,186	14,177	191,363	
Revaluation reserve realised upon depreciation charged	-	-	-	(2,312)	-	-	-	2,312	-	-	-	
Share options granted under ESOS	-	-	-	-	-	28	-	-	28	-	28	
Purchase of treasury shares	-	-	(2)	-	-	-	-	-	(2)	-	(2)	
Dividends paid	-	-	-	-	-	-	-	(26,908)	(26,908)	-	(26,908)	
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	(2,394)	(2,394)	
<b>At 31 December 2016</b>	<u>672,706</u>	<u>1,301</u>	<u>(8)</u>	<u>111,753</u>	<u>13,074</u>	<u>231</u>	<u>138,490</u>	<u>569,437</u>	<u>1,506,984</u>	<u>156,444</u>	<u>1,663,428</u>	

\* The amounts standing in credit of the share premium and capital redemption reserve have been re-classed 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 Statement 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 Year Ended 31 December 2017**

	Year Ended	
	31.12.2017 RM'000	31.12.2016 RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	192,093	113,580
Adjustments for :-		
Depreciation and amortisation of property, plant and equipment	51,580	44,383
Property, plant and equipment written off	5,880	238
Write back of impairment loss for property, plant and equipment	-	(7)
Amortisation of land use rights	6,659	6,801
Inventories written (back)/ down	(195)	5,348
(Gain)/ Loss on fair value changes on quoted investment	(8)	8
Net loss/ (gain) on disposal of property, plant and equipment	128	(927)
Impairment loss on trade and other receivables	4,333	4,751
Net gains on redemption of short-term investment	-	(4)
Gain on disposal of unquoted investment	(3,595)	-
Loss/ (Gain) from fair value adjustment of forest planting expenditure	4,310	(916)
Amortisation of biological assets	264	264
Net unrealised foreign exchange (gain)/loss	(24,455)	22,060
Fair value (gain)/ loss of the commodity future contract	(13,118)	8,316
Share of profit of jointly controlled entities	(7,535)	(10,939)
Share of profit of an associate	(9,276)	(7,170)
Interest expense	41,772	21,363
Interest income	(13,483)	(13,125)
Dividend income	(4,489)	(625)
Operating profit before working capital changes	<u>230,865</u>	<u>193,399</u>
Changes in working capital		
Inventories	26,168	(21,126)
Receivables	44,982	10,393
Payables	<u>(15,576)</u>	<u>(6,507)</u>
Cash generated from operations	286,439	176,159
Interest paid	(41,772)	(21,363)
Income tax paid	<u>(35,080)</u>	<u>(23,257)</u>
Net cash generated from operating activities	<u>209,587</u>	<u>131,539</u>
<b>Cash Flows from Investing Activities</b>		
Additional investment in associate company	-	(7,985)
Redemption of short-term investments	144	5
(Placement)/withdrawal of deposits	(972)	1,411
Purchase of property, plant and equipment and land use rights	(41,659)	(50,201)
Payment for oil palm planting expenditure	(112,454)	(134,528)
Payment of forest planting expenditure	(10,490)	(11,549)
Placement of pledged deposits	(3,957)	-
Proceeds from disposal of property, plant and equipment	2,745	2,305
Proceeds from disposal of unquoted investment	8,609	-
Interest received	13,483	13,125
Dividends received	4,489	625
Dividends received from an associate & jointly controlled entity	14,202	13,000
Net cash used in investing activities	<u>(125,860)</u>	<u>(173,792)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of ordinary shares	41,192	-
Purchase of treasury shares	-	(2)
Net (repayment)/ drawdown of term loans/commercial papers/medium term notes	(163,665)	292,614
Net drawdown/ (repayment) in other borrowings	94,694	(156,306)
Net movement in hire purchase payables	117	(576)
Dividends paid to non-controlling interests	(15,545)	(2,394)
Dividends paid	<u>(27,136)</u>	<u>(26,908)</u>
Net cash (used in)/ generated from financing activities	<u>(70,343)</u>	<u>106,428</u>
Net increase in cash and cash equivalents	13,384	64,175
Cash and cash equivalents at beginning of period	124,511	51,385
Effect of foreign exchange rate changes	671	7,370
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(10,662)</u>	<u>1,581</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>127,904</u></u>	<u><u>124,511</u></u>

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



**TSH RESOURCES BERHAD (49548-D)**  
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**EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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 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 are significant for an 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 took effect from 1 January 2017.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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>Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014 – 2016 Cycle)</i>	1 January 2017

The adoption of the above does 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’).

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**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 31 December 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 unmodified.

**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 current quarter and year-to-date ended 31 December 2017.

**6. Changes in estimates**

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



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**7. Debt and equity securities**

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and year-to-date ended 31 December 2017 except for the following:

On 14 April 2017, the Company issued 11,390,066 new ordinary shares at an issue price of RM1.92 per new ordinary share as consideration for the acquisition and transfer of Ekowood shares to TSH under the privatisation of Ekowood International Berhad.

On 21 July 2017, the Company issued 25,000,000 new ordinary shares at an issue price of RM1.65 per new ordinary share under the share placement.

**8. Dividends paid**

There were no dividends paid during the quarter ended 31 December 2017.

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**9. Segmental information**  
**i) Business segments**

**Year-To-Date ended 31 December 2017**

	<b>Palm Product RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
External Revenue	946,179	127,328	-	1,073,507
Inter-Segment	26,444	-	(26,444)	-
<b>TOTAL REVENUE</b>	972,623	127,328	(26,444)	1,073,507
<b>SEGMENT RESULTS</b>	213,210	10,679		223,889
Unallocated corporate expenses				(19,272)
Gain on foreign exchange				16,747
Fair value loss on forest planting expenditure				(4,310)
Finance costs				(41,772)
Share of profit of an associate				9,276
Share of profit of jointly controlled entities				7,535
Profit before taxation				192,093
Income taxes				(49,545)
Cumulative profit up to 31 December 2017				142,548
<b>OTHER INFORMATION</b>				
<b>SEGMENTS ASSETS</b>	2,406,359	685,038		3,091,397
Investment in jointly controlled entities				73,307
Investment in associate				85,922
Unallocated assets				94,080
Consolidated total assets				3,344,706
<b>SEGMENT LIABILITIES</b>	49,720	78,350		128,070
Borrowings				1,442,524
Deferred tax liabilities				154,423
Unallocated liabilities				13,964
Consolidated total liabilities				1,738,981



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**9. Segmental information (continued)**

**ii) Geographical segments**

	<b>Total revenue from external customers RM'000</b>	<b>Segment Assets RM'000</b>
Malaysia	597,778	1,499,221
Indonesia	398,009	1,836,054
Europe	8,407	5,144
United States of America	49,610	3,181
Others	19,703	1,106
<b>Total</b>	<b>1,073,507</b>	<b>3,344,706</b>

**10. Changes in composition of the Group**

- a) 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.
  - iii. Ekowood Energy Sdn. Bhd.
  - iv. TSH BioDiesel Sdn. Bhd.
  - v. Bisa Jaya Sdn Bhd
- b) On 14 April 2017, following the satisfaction of the Offer Price, the Privatisation of Ekowood was completed and it is now a wholly-owned subsidiary of the Company.
- c) On 1 August 2017, the Company incorporated a new wholly-owned subsidiary in Singapore under the name of TSH Agri Pte. Ltd., with an initial paid-up capital of SGD100.00.

Other than the above and those disclosed in Part A Note 15, there were no other changes in the composition of the Group during the current quarter and year-to-date ended 31 December 2017.

**11. Discontinued operation**

There was no discontinued operation during the quarter ended 31 December 2017.

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**12. Commitments**

a) Capital commitments

The amount of commitments for capital expenditure as at 31 December 2017 is as follows:

	<b>As at 31.12.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Approved and contracted for	4,686	11,485
Approved but not contracted for	11,692	6,366
	<u>16,378</u>	<u>17,851</u>

b) Operating lease commitments – as lessee

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

	<b>As at 31.12.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Not later than 1 year	501	375
Later than 1 year and not later than 5 years	850	692
Later than 5 years	786	938
	<u>2,137</u>	<u>2,005</u>

c) Operating lease commitments – as lessor

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

	<b>As at 31.12.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Not later than 1 year	569	989
Later than 1 year and not later than 5 years	289	551
	<u>858</u>	<u>1,540</u>

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**13. Changes in contingent liabilities or contingent assets**

	<b>As at 31.12.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Guarantee given to PT. Bank CIMB Niaga, TBK, to secure loan for Pembangunan Kebun Kelapa Sawit Plasma under Plasma Scheme	<u>57,734</u>	<u>62,062</u>

**14. Material related party transactions**

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

	<b>Year-To-Date ended 31 December 2017 RM'000</b>
Sales of crude palm oil	425,770
Sales of palm kernel	96,669

**15. Subsequent events**

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

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

### **1. Performance review**

The Group's revenue for the quarter ended 31 December 2017 ("Q4 2017") was RM270.0 million compared to RM244.3 million for the corresponding period prior year mainly attributable to higher Crude Palm Oil ("CPO") and Palm Kernel ("PK") sold. However, core profits for the Q4 2017 only increased marginally to 48.7 million from RM48.5 million despite the higher volume of CPO and PK sold, and also higher share of profit of associate and jointly controlled entities. This was mainly due to lower average CPO and PK prices and decrease in Fresh Fruit Bunch ("FFB") production after a bumper increase in last quarter.

The Group registered higher revenue of RM1,073.5 million for the year ended 31 December 2017 ("12M 2017") compared to RM872.3 million for the corresponding period prior year mainly due to higher average CPO price and increase in FFB production. In line with the increase in revenue, core profits for the 12M 2017 also increased by 37.9% to RM179.7 million from RM130.2 million registered in the corresponding period prior year.

After incorporating foreign exchange gains and the fair value adjustment on forest planting expenditure, profit before taxation for Q4 2017 and 12M 2017 increased to RM48.9 million and RM192.1 million from RM10.0 million and RM113.6 million respectively, as registered in the corresponding periods prior year.

#### **1.1 Palm Product**

This segment reported higher revenues of RM235.3 million and RM946.2 million for the Q4 2017 and 12M 2017 respectively, compared to RM210.1 million and RM753.0 million for the corresponding periods prior year.

Despite registering lower FFB production of 172,859 MT and lower average CPO prices of RM2,619 per MT compared to 192,374 MT and RM2,784 per MT for the corresponding periods prior year respectively, segmental profit for Q4 2017 of RM56.8 million was higher compared to RM51.3 million for the corresponding period prior year. The increase was mainly attributable to higher CPO and PK sold.

The segmental profits for 12M 2017 of RM213.2 million was also higher compared to RM145.8 million for the corresponding period prior year mainly due to higher average CPO price and increase in FFB production.

Average CPO prices for 12M 2017 was RM2,701 per MT compared to RM2,454 per MT for the corresponding period prior year. As for FFB production the Group achieved 710,105 MT for 12M 2017, representing an increase of 19.2% compared to 595,821 MT achieved in the corresponding period prior year.

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**1.2 Others**

This segment reported higher revenues of RM34.7 million and RM127.3 million for Q4 2017 and 12M 2017 respectively, compared to RM34.2 million and RM119.3 million for the corresponding periods prior year mainly due to higher wood product revenue.

It reported an operating loss of RM0.8 million and lower operating profit of RM10.7 million for Q4 2017 and 12M 2017 respectively, compared to operating profit of RM6.9 million and RM19.8 million in the corresponding periods prior year mainly due to lower sale of electricity and steam from bio-integration division combined with impairment loss on the inventories, plant and machineries.

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

The Group registered slightly higher revenue of RM270.0 million in the current quarter compared with RM256.8 million in the immediate preceding quarter mainly due to higher revenue contributions from the sale of PK and cocoa products. However, core profit for the current quarter reduced by 5.6% to RM48.7 million against RM 51.6 million for the preceding quarter mainly due to the reduction in FFB production from 212,342 MT in the preceding quarter to 172,860 MT in the current quarter. Lower core profit further resulted in a lower profit before tax of RM48.9 million compared to RM52.8 million in the preceding quarter.

**3. Commentary on the prospects**

The Group expects its crop production for 2018 to further improve vis a vis prior year due to better age profile as more oil palm trees reach optimum yield and with more planted areas coming into maturity and harvesting. Barring any significant drop in CPO prices or any unforeseen circumstances, the performance of the Group is forecasted to remain positive for the year 2018.

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 the Group profit. Management will continue its focus on the productivity and efficiency improvement to reduce unit cost of production.

**4. Profit forecast or profit guarantee**

The Group is not involved in any profit guarantee arrangement or providing any forecast profit.

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**5. Profits Before Tax**

The following (gain)/loss have been included in arriving at profit before tax:

	<b>Quarter Ended 31.12.2017 <u>RM'000</u></b>	<b>Year-To- Date Ended 31.12.2017 <u>RM'000</u></b>
Interest income	(9,567)	(13,483)
Interest expense	12,717	41,772
Dividend income	(4,320)	(4,489)
Rental income	(206)	(803)
Depreciation and amortization	15,972	58,503
Fair value gain on derivatives		
- Forward currency contracts	(649)	(1,492)
- Commodity future contracts	(6,356)	(13,118)
Net foreign exchange loss/ (gain)		
- Realised	7,615	7,708
- Unrealised	(11,495)	(22,963)
Net impairment loss on trade and other receivables	3,929	4,333
Net (gain)/loss on disposal of property, plant and equipment	(7)	128
Write-off/ (Write back) of impairment on inventories	17	(195)
Write-off of property, plant and equipment	4,872	5,880

**6. Income Tax Expense**

	<b>Quarter Ended 31.12.2017 <u>RM'000</u></b>	<b>Year-To- Date Ended 31.12.2017 <u>RM'000</u></b>
Current tax:		
Malaysian income tax	3,969	16,007
Foreign tax	11,295	30,963
Under/(over) provision in prior year		
Malaysian income tax	210	2,523
Foreign tax	(25)	1,675
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,398)	(3,131)
Under provision in prior year	1,535	1,508
	<u>15,586</u>	<u>49,545</u>

Excluding the results of the associate and jointly controlled entities, the effective tax rate of the Group is higher than the statutory rate mainly due to under provision in respect of prior year income tax income.

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**7. Corporate proposals**

- a) There was no corporate proposal announced and not completed at the date of this quarterly report.
- b) Utilisation of Proceeds

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
1) Working Capital	41,200	31,132	12 months
2) Expenses relating to placement	50	37	1 month
	<u>41,250</u>	<u>31,169</u>	

**8. Group Borrowings and Debt Securities**

Comprised:

	As at 31.12.2017					
	Short 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	32,785	-	100,270	-	133,055	-
Unsecured	133,688	482,617	-	693,164	133,688	1,175,781
<b>Total</b>	<b>166,473</b>	<b>482,617</b>	<b>100,270</b>	<b>693,164</b>	<b>266,743</b>	<b>1,175,781</b>

**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.

**11. Proposed Dividend**

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the financial year ended 31 December, 2017 of 2.00 sen per ordinary share will be proposed for shareholders' approval.

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**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.

	<b>Quarter Ended</b>		<b>Year-To-Date Ended</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
Net profit for the quarter (RM'000)	21,626	(21,774)	113,969	57,875
Weighted average number of ordinary shares in issue ('000)	1,381,799	1,345,408	1,364,418	1,345,409
Basic earnings per ordinary share (sen)	1.57	(1.62)	8.35	4.30

**(b) Diluted earnings per share**

This is not applicable to the Group



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**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 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.

	<b>As at end of current quarter 31.12.2017 RM'000</b>	<b>As at end of Preceding Year 31.12.2016 RM'000</b>
Total retained profits of TSHR and its Subsidiaries		
- Realised	683,748	729,268
- Unrealised	(184,830)	(218,857)
	498,918	510,411
Total share of retained profits from associated Company		
- Realised	31,848	24,071
- Unrealised	(9,732)	(6,934)
Total share of retained profits from jointly controlled entities		
- Realised	57,500	59,568
- Unrealised	(3,466)	(3,788)
Add: Consolidation adjustments	575,068 91,073	583,328 (13,891)
Total group retained profits as per consolidated accounts	666,141	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 27 February 2018.