

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter Ended 31 March 2018**

| | 31.03.2018 RM'000 | Quarter Ended 31.03.2017 RM'000 (Restated) | Changes % | 31.03.2017 RM'000 (Previously reported under FRS) |
|---|------------------------|---|--------------|---|
| Revenue | 226,136 | 288,501 | -22% | 288,501 |
| Cost of sales | <u>(146,132)</u> | <u>(196,575)</u> | -26% | <u>(196,816)</u> |
| Gross profit | 80,004 | 91,926 | -13% | 91,685 |
| Other operating income | 10,907 | 10,338 | 6% | 7,888 |
| Other operating expenses | <u>(65,578)</u> | <u>(59,625)</u> | 10% | <u>(51,191)</u> |
| Operating profit | 25,333 | 42,639 | -41% | 48,382 |
| Finance costs | (10,461) | (9,696) | 8% | (9,696) |
| Share of profit of an associate | 286 | 1,794 | -84% | 1,794 |
| Share of profit of jointly controlled entities | <u>1,877</u> | <u>588</u> | 219% | <u>588</u> |
| Core profit before taxation | 17,035 | 35,325 | -52% | 41,068 |
| Gain/ (Loss) on foreign exchange | 11,275 | 7,847 | 44% | 7,847 |
| Profit before taxation | <u>28,310</u> | <u>43,172</u> | -34% | <u>48,915</u> |
| Taxation | <u>(9,700)</u> | <u>(8,300)</u> | 17% | <u>(10,051)</u> |
| Profit for the period | <u>18,610</u> | <u>34,872</u> | -47% | <u>38,864</u> |
| Other Comprehensive (Loss)/ Income <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | |
| Foreign currency translation differences | <u>(104,113)</u> | <u>(8,104)</u> | 1185% | <u>(7,824)</u> |
| Other Comprehensive (loss)/ income for the period, net of tax | <u>(104,113)</u> | <u>(8,104)</u> | 1185% | <u>(7,824)</u> |
| Total comprehensive (loss)/ income for the period | <u><u>(85,503)</u></u> | <u><u>26,768</u></u> | -419% | <u><u>31,040</u></u> |
| Profit attributable to : | | | | |
| Owners of the parent | 17,826 | 29,256 | -39% | 33,950 |
| Non-controlling interests | <u>784</u> | <u>5,616</u> | -86% | <u>4,914</u> |
| | <u>18,610</u> | <u>34,872</u> | -47% | <u>38,864</u> |
| Total comprehensive (loss)/ income attributable to : | | | | |
| Owners of the parent | (77,572) | 19,143 | -505% | 24,116 |
| Non-controlling interests | <u>(7,931)</u> | <u>7,625</u> | -204% | <u>6,924</u> |
| | <u>(85,503)</u> | <u>26,768</u> | -419% | <u>31,040</u> |
| Earnings per share attributable to equity holders of the Company | | | | |
| Basic (sen) | 1.29 | 2.17 | -41% | 2.52 |
| Diluted (sen) | 1.29 | 2.17 | -41% | 2.52 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017

Condensed Consolidated Statement of Financial Position
As at 31 March 2018

| | As at 31.03.2018 RM'000 | As at 31.12.2017 RM'000 (Restated) | As at 01.01.2017 RM'000 (Restated) |
|---|--|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1,846,187 | 1,916,641 | 1,972,320 |
| Biological assets | 318,595 | 317,233 | 342,367 |
| Land use rights | 174,148 | 181,799 | 201,562 |
| Intangible assets | 55,405 | 57,252 | 61,057 |
| Investments in associates | 86,102 | 85,817 | 80,849 |
| Investments in jointly controlled entities | 75,184 | 73,307 | 75,772 |
| Deferred tax assets | 15,847 | 19,304 | 18,543 |
| Other receivables | 74,479 | 78,250 | 71,023 |
| Investments securities | 50 | 50 | 5,064 |
| | <u>2,645,997</u> | <u>2,729,653</u> | <u>2,828,557</u> |
| Current assets | | | |
| Inventories | 218,642 | 211,537 | 237,589 |
| Biological assets | 8,263 | 7,421 | 6,262 |
| Trade and other receivables | 101,271 | 85,469 | 132,470 |
| Other current assets | 14,987 | 18,386 | 27,456 |
| Tax recoverable | 2,883 | 3,976 | 15,923 |
| Investments securities | 19 | 27 | 19 |
| Derivative assets | 730 | 5,424 | 836 |
| Short term funds | 2,493 | - | 144 |
| Cash and bank balances | 140,755 | 139,280 | 131,202 |
| | <u>490,043</u> | <u>471,520</u> | <u>551,901</u> |
| TOTAL ASSETS | <u><u>3,136,040</u></u> | <u><u>3,201,173</u></u> | <u><u>3,380,458</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | 740,512 | 740,512 | 672,706 |
| Share premium | - | - | 1,301 |
| Treasury shares | (8) | (8) | (8) |
| Other reserves | (268,012) | (172,616) | 13,303 |
| Retained earnings | 825,069 | 807,242 | 720,503 |
| | <u>1,297,561</u> | <u>1,375,130</u> | <u>1,407,805</u> |
| Non-controlling interests | 116,373 | 124,304 | 153,490 |
| Total equity | <u>1,413,934</u> | <u>1,499,434</u> | <u>1,561,295</u> |
| Non-current liabilities | | | |
| Retirement benefits | 15,670 | 15,636 | 14,582 |
| Borrowings | 738,075 | 793,434 | 866,784 |
| Hire purchase payables | 115 | 128 | - |
| Deferred tax liabilities | 120,718 | 122,274 | 129,539 |
| | <u>874,578</u> | <u>931,472</u> | <u>1,010,905</u> |
| Current liabilities | | | |
| Borrowings | 735,184 | 649,090 | 663,425 |
| Hire purchase payables | 35 | 29 | 41 |
| Trade and other payables | 102,880 | 107,303 | 122,700 |
| Derivative liabilities | - | 124 | 10,243 |
| Current tax payable | 9,429 | 13,721 | 11,849 |
| | <u>847,528</u> | <u>770,267</u> | <u>808,258</u> |
| Total liabilities | <u>1,722,106</u> | <u>1,701,739</u> | <u>1,819,163</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>3,136,040</u></u> | <u><u>3,201,173</u></u> | <u><u>3,380,458</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 2017

**Condensed Consolidated Statement of Changes In Equity
For The Quarter Ended 31 March 2018**

| | ← Attributable to owners of the parent → | | | | | → Distributable | | | | | |
|--|--|-------------------------|---------------------------|--------------------------------------|----------------------------|---|---|-----------------------------|------------------------|-------------------------------------|------------------------|
| | Non-distributable | | | | | Equity attributable to owners of the parent | | | | | |
| | 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 | parent Total RM'000 | Non-controlling Interests RM'000 | Equity Total RM'000 |
| At 1 January 2018 | 740,512 | - | (8) | 109,440 | 9,629 | 215 | (50,226) | 667,310 | 1,476,872 | 130,373 | 1,607,245 |
| - prior year adjustment | - | - | - | (109,440) | - | - | (132,232) | 139,932 | (101,740) | (6,069) | (107,809) |
| - as restated | 740,512 | - | (8) | 0 | 9,629 | 215 | (182,458) | 807,242 | 1,375,132 | 124,304 | 1,499,436 |
| Profit for the period | - | - | - | - | - | - | - | 17,827 | 17,827 | 784 | 18,610 |
| Other comprehensive income | | | | | | | | | | | |
| Foreign currency translation | - | - | - | - | - | - | (95,398) | - | (95,398) | (8,714) | (104,112) |
| Other comprehensive income for the period, net of tax | - | - | - | - | - | - | (95,398) | - | (95,398) | (8,714) | (104,112) |
| Total comprehensive income for the period | - | - | - | - | - | - | (95,398) | 17,827 | (77,571) | (7,931) | (85,502) |
| At 31 March 2018 | <u>740,512</u> | <u>-</u> | <u>(8)</u> | <u>0</u> | <u>9,629</u> | <u>215</u> | <u>(277,856)</u> | <u>825,069</u> | <u>1,297,561</u> | <u>116,373</u> | <u>1,413,934</u> |
| 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 |
| - prior year adjustment | - | - | - | (111,753) | - | - | (138,490) | 151,065 | (99,178) | (2,954) | (102,132) |
| - as restated | 672,706 | 1,301 | (8) | 0 | 13,074 | 231 | (0) | 720,502 | 1,407,806 | 153,490 | 1,561,296 |
| Profit for the period | - | - | - | - | - | - | - | 29,256 | 29,256 | 5,616 | 34,873 |
| Other comprehensive income | | | | | | | | | | | |
| Foreign currency translation | - | - | - | - | - | - | (10,114) | - | (10,114) | 2,010 | (8,104) |
| Asset Revaluation Reserve | - | - | - | - | - | - | - | - | - | - | - |
| Remeasurements of net defined benefit liabilities | - | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income for the period, net of tax | - | - | - | - | - | - | (10,114) | - | (10,114) | 2,010 | (8,104) |
| Total comprehensive income for the period | - | - | - | - | - | - | (10,114) | 29,256 | 19,142 | 7,626 | 26,769 |
| Transfer pursuant to Companies Act 2016 | 14,375 | (1,301) | - | - | (13,074) | - | - | - | - | - | - |
| At 31 March 2017 | <u>687,081</u> | <u>-</u> | <u>(8)</u> | <u>0</u> | <u>-</u> | <u>231</u> | <u>(10,114)</u> | <u>749,758</u> | <u>1,426,948</u> | <u>161,116</u> | <u>1,588,065</u> |

* 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 Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017

**Condensed Consolidated Statement of Cash Flows
For The Quarter Ended 31 March 2018**

| | Quarter Ended | |
|---|----------------------|----------------------|
| | 31.03.2018 RM'000 | 31.03.2017 RM'000 |
| Cash Flows from Operating Activities | | |
| Profit before taxation | 28,310 | 43,172 |
| Adjustments for :- | | |
| Depreciation and amortisation of property, plant and equipment | 21,290 | 12,332 |
| Amortisation of biological assets | 66 | 66 |
| Property, plant and equipment written off | 424 | 62 |
| Impairment loss on property, plant and equipment | 39 | - |
| Amortisation of land use rights | 1,656 | 1,739 |
| Inventories written (back)/ down | (2,273) | - |
| (Write back)/impairment loss on investment securities | 8 | (11) |
| Net loss/ (gain) on disposal of property, plant and equipment | (191) | 718 |
| Impairment loss on trade and other receivables | 79 | 273 |
| Net unrealised foreign exchange (gain)/loss | (11,192) | (8,436) |
| Fair value (gain)/ loss of the commodity future contract | 841 | (4,226) |
| Share of profit of jointly controlled entities | (1,877) | (588) |
| Share of profit of an associate | (286) | (1,794) |
| Interest expense | 10,461 | 9,696 |
| Interest income | (2,204) | (1,017) |
| Dividend income | (129) | (1) |
| Operating profit before working capital changes | 45,022 | 51,986 |
| Changes in working capital | | |
| Inventories/Biological Assets | (1,865) | (177) |
| Receivables | (9,014) | 32,620 |
| Payables | (4,794) | (4,675) |
| Cash generated from operations | 29,349 | 79,753 |
| Interest paid | (10,461) | (9,696) |
| Income tax paid | (8,226) | (10,546) |
| Net cash generated from operating activities | 10,662 | 59,511 |
| Cash Flows from Investing Activities | | |
| Placement of short-term investments | (2,493) | (36,505) |
| (Placement)/withdrawal of deposits | (1,975) | (4,795) |
| Purchase of property, plant and equipment and land use rights | (9,072) | (14,175) |
| Payment for oil palm planting expenditure | (26,751) | (27,281) |
| Payment of forest planting expenditure | (1,427) | (2,610) |
| Proceeds from disposal of property, plant and equipment | 279 | 1,300 |
| Interest received | 2,204 | 1,017 |
| Dividends received | 129 | - |
| Net cash used in investing activities | (39,106) | (83,049) |
| Cash Flows from Financing Activities | | |
| Net (repayment)/ drawdown of term loans/commercial papers/medium term notes | (47,736) | (37,237) |
| Net drawdown/ (repayment) in other borrowings | 90,431 | 22,788 |
| Net movement in hire purchase payables | (6) | (41) |
| Net cash (used in)/ generated from financing activities | 42,689 | (14,490) |
| Net increase in cash and cash equivalents | 14,245 | (38,028) |
| Cash and cash equivalents at beginning of period | 127,904 | 124,511 |
| Effect of foreign exchange rate changes | (3,323) | (116) |
| Effect of foreign exchange rate changes on cash and cash equivalents | (10,531) | 1,413 |
| Cash and cash equivalents at end of period | 128,295 | 87,781 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017



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EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of MFRS 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 2017.

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 2017.

The Group falls under the scope definition of Transitioning Entities. Hence, the financial statements of the Group for the financial period ended 31 March 2018 are the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework. The MFRS Framework is effective for the Group from 1 January 2018 and the date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant interim financial report is 1 January 2017.

Accordingly, in preparing the first MFRS financial statements in 2018, comparative information in interim financial statements have been restated to give effect to these changes:

i) Optional Exemption to Use Fair Value or Revaluation as Deemed Cost

As provided in MFRS 1, first-time adopter can elect optional exemptions from full retrospective application of MFRSs. The Group has elected to apply the optional exemption to use the previous revaluation of property, plant and equipment as deemed cost at the date of transition. Any surplus arising from revaluation at the date of transition is transferred to retained earnings.

ii) Bearer Plants

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Bearer Plants introduce a new category of biological assets i.e. the bearer plants. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants are accounted for under the amendments to MFRS 116 as an item of property, plant and equipment.

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1. Basis of preparation (*continued*)

ii) Bearer Plants (*continued*)

Prior to the change in accounting policy, the Group adopted the capital maintenance model on its bearer plants (i.e. oil palm trees) where all new planting expenditure (also termed as plantation development expenditure) incurred from the stage of land clearing up to the stage of maturity was capitalised and not depreciated. Replanting expenditure was charged to profit or loss in the financial year in which the expenditure was incurred.

Upon adoption of the amendments to MFRS 116 and MFRS 141, bearer plants are classified as property, plant and equipment and are accounted for in the same way as self-constructed items of property, plant and equipment. Plantation development and replanting expenditures are capitalised at cost and depreciated on a straight-line basis over its useful life of 22 to 25 years from the date of maturity. The bearer plants are subsequently measured at cost less accumulated depreciation and accumulated impairment loss, if any.

The change in accounting policy has been applied retrospectively and comparatives were restated. The change has resulted in additional depreciation charges to profit or loss in the current and previous financial years. The replanting expenditure that was charged to profit or loss in the previous years is reversed and capitalised under property, plant and equipment. The corresponding tax impacts have been accounted for.

iii) Biological Assets

Prior to the adoption of the Amendments to MFRS 116 Property Plant and Equipment and MFRS 141 Agriculture: Bearer Plants, biological assets growing on bearer plants were not recognised. With the adoption of the Amendments to MFRS 116 and MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell, with fair value changes recognised in profit or loss.

iv) Cumulative Translation Differences

As part of its transition to MFRS, the Group elected to apply the optional exemption whereby the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. The entire balance for the Group in the exchange translation reserve at the date of transition has been transferred to retained profits, so as to give the exchange translation differences as fresh start measurement of zero.

v) Adoption of MFRS 9 Financial Instruments

Expected Credit Loss

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement.

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1. Basis of preparation (continued)

v) Adoption of MFRS 9 Financial Instruments (continued)

Expected Credit Loss

MFRS 9 introduces a forward looking expected credit loss model that replaces the incurred loss impairment model used in MFRS 139. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income, except for investments in equity instruments and to contract assets. The expected credit loss model eliminates the need for a trigger event to have occurred before credit losses are recognised. The changes have been accounted for retrospectively and comparatives are restated.

The impact of the changes in accounting policy on the financial statements as a result of the transition to the MFRS Framework are as follows :

Condensed Consolidated Statement of Financial Position

| | As at 31 December 2017 | | | As at 1 January 2017 | | |
|---------------------------------------|-------------------------------|-----------------------------|---------------------|-------------------------------|-----------------------------|---------------------|
| | Previously reported under FRS | Effects on Adoption of MFRS | Reported under MFRS | Previously reported under FRS | Effects on Adoption of MFRS | Reported under MFRS |
| (RM'000) | | | | | | |
| <u>Non-current assets</u> | | | | | | |
| Property, plant & equipment | 770,071 | 1,146,570 | 1,916,641 | 824,724 | 1,147,596 | 1,972,320 |
| Biological assets | 1,612,386 | (1,295,153) | 317,233 | 1,625,886 | (1,283,519) | 342,367 |
| <u>Current assets</u> | | | | | | |
| Biological assets | - | 7,421 | 7,421 | - | 6,262 | 6,262 |
| Trade receivables | 41,414 | (395) | 41,019 | 46,283 | (375) | 45,908 |
| <u>Equity</u> | | | | | | |
| Other reserves | 69,058 | (241,674) | (172,616) | 263,548 | (250,245) | 13,303 |
| Retained profits | 667,310 | 139,992 | 807,242 | 569,437 | 151,066 | 720,503 |
| Minority interest | 130,373 | (6,069) | 124,304 | 156,444 | (2,954) | 153,490 |
| <u>Non-current liabilities</u> | | | | | | |
| Deferred tax liabilities | 156,021 | (33,747) | 122,274 | 157,443 | (27,904) | 129,539 |

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1. Basis of preparation (*continued*)

Condensed Consolidated Statement of Comprehensive Income

| (RM'000) | Corresponding Quarter 2017 | | |
|--|-------------------------------|-----------------------------|---------------------|
| | Previously reported under FRS | Effects On Adoption of MFRS | Reported under MFRS |
| Other operating income | 7,888 | 2,450 | 10,338 |
| Other operating expenses | (51,191) | (8,434) | (59,625) |
| Profit before tax | 48,915 | (5,743) | 43,172 |
| Income tax expense | (10,051) | 1,751 | (8,300) |
| Profit for the quarter | 38,864 | (3,992) | 34,872 |
| Other comprehensive loss | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Foreign currency translation differences | (7,824) | (280) | (8,104) |
| Total comprehensive (loss)/income for the quarter, net of tax | 31,040 | (4,272) | 26,768 |
| Net profit attributable to: | | | |
| Equity holders of the parent | 33,950 | (4,694) | 29,256 |
| Non-controlling interests | 4,914 | 702 | 5,616 |
| | 38,864 | (3,992) | 34,872 |
| Total comprehensive (loss)/income attributable to: | | | |
| Equity holders of the parent | 24,116 | (4,973) | 19,143 |
| Non-controlling interests | 6,924 | 701 | 7,625 |
| | 31,040 | (4,272) | 26,768 |

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1. Basis of preparation (continued)

At the date of authorization of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by Group :

| Title | Effective Date |
|---|-----------------------|
| MFRS 16 Leases | 1 January 2019 |
| IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i> | 1 January 2019 |
| Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i> | 1 January 2019 |
| Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i> | 1 January 2019 |
| Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015- 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015- 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015- 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015- 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i> | 1 January 2019 |
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2017 was unmodified.

3. 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 31 March 2018.



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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 during the current quarter ended 31 March 2018.

8. Dividends paid

There were no dividends paid during the quarter ended 31 March 2018.

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9. Segmental information
i) Business segments

Year-To-Date ended 31 March 2018

| | Palm Product RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---------------------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------------|
| External Revenue | 194,163 | 31,973 | - | 234,266 |
| Inter-Segment | 8,130 | - | (8,130) | - |
| TOTAL REVENUE | 202,293 | 31,973 | (8,130) | 226,136 |
| SEGMENT RESULTS | 28,237 | 3,704 | | 31,941 |
| Unallocated corporate expenses | | | | (6,608) |
| Gain on foreign exchange | | | | 11,275 |
| Finance costs | | | | (10,461) |
| Share of profit of an associate | | | | 286 |
| Share of profit of joint ventures | | | | 1,877 |
| Profit before taxation | | | | 28,310 |
| Income taxes | | | | (9,700) |
| Cumulative profit up to 31 March 2018 | | | | 18,610 |
| OTHER INFORMATION | | | | |
| SEGMENTS ASSETS | 2,220,840 | 675,796 | | 2,896,636 |
| Investment in jointly ventures | | | | 75,184 |
| Investment in associate | | | | 86,102 |
| Unallocated assets | | | | 78,118 |
| Consolidated total assets | | | | 3,136,040 |
| SEGMENT LIABILITIES | 40,267 | 79,445 | | 119,712 |
| Borrowings | | | | 1,473,259 |
| Deferred tax liabilities | | | | 120,717 |
| Unallocated liabilities | | | | 8,418 |
| Consolidated total liabilities | | | | 1,722,106 |

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9. Segmental information (continued)

ii) Geographical segments

| | Total revenue from external customers RM'000 | Segment Assets RM'000 |
|--------------------------|---|----------------------------------|
| Malaysia | 126,766 | 1,451,812 |
| Indonesia | 76,149 | 1,674,445 |
| Europe | 2,499 | 5,052 |
| United States of America | 13,702 | 3,624 |
| Others | 7,020 | 1,107 |
| Total | 226,136 | 3,136,040 |

10. Changes in composition of the Group

There were no significant changes in the composition of the Group for the quarter including business combination, acquisition or disposal of subsidiaries and long-term investments, and restructuring.

11. Discontinued operation

There was no discontinued operation during the quarter ended 31 March 2018.

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12. Commitments

i. Capital commitments

The amount of commitments for capital expenditure as at 31 March 2018 is as follows:

| | As at 31.03.2018 RM'000 | As at 31.12.2017 RM'000 |
|---------------------------------|--|--|
| Approved and contracted for | 4,253 | 4,686 |
| Approved but not contracted for | 11,025 | 11,692 |
| | <u>15,278</u> | <u>16,378</u> |

ii. Operating lease commitments – as lessee

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

| | As at 31.03.2018 RM'000 | As at 31.12.2017 RM'000 |
|--|--|--|
| Not later than 1 year | 329 | 480 |
| Later than 1 year and not later than 5 years | 782 | 834 |
| Later than 5 years | 788 | 815 |
| | <u>1,899</u> | <u>2,129</u> |

iii. Operating lease commitments – as lessor

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

| | As at 31.03.2018 RM'000 | As at 31.12.2017 RM'000 |
|--|--|--|
| Not later than 1 year | 620 | 571 |
| Later than 1 year and not later than 5 years | 259 | 625 |
| | <u>879</u> | <u>1,196</u> |

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13. Changes in contingent liabilities or contingent assets

| | As at 31.03.2018 RM'000 | As at 31.12.2017 RM'000 |
|---|--|--|
| Guarantee given to PT. Bank CIMB Niaga, TBK, to secure loan for Pembangunan Kebun Kelapa Sawit Plasma under Plasma Scheme | <u>53,511</u> | <u>57,734</u> |

14. Material related party transactions

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

| | Year-To-Date ended 31 March 2018 RM'000 |
|-------------------------|--|
| Sales of crude palm oil | 95,288 |
| Sales of palm kernel | 21,919 |

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 March 2018 ("Q1 2018") was RM226.1 million compared to RM288.5 million for the corresponding period prior year. Lower revenue was mainly attributable to lower average Crude Palm Oil ("CPO") and Palm Kernel ("PK") selling prices. Accordingly, profit before taxation declined to RM28.3 million from RM43.2 million reported in the corresponding period prior year despite a 21.8% increase in Fresh Fruit Bunch ("FFB") production. Core profit for the Q1 2018 reduced to 17.0 million from RM35.3 million despite the higher volume of CPO and PK sold due to lower CPO and PK revenue.

1.1 Palm Product

For Q1 2018, this segment reported a lower operating profit of RM28.2 million compared with RM 44.7 million for Q1 2017 due to lower average CPO price partially offset by higher production of FFB. Average CPO and PK prices for Q1 2018 declined to RM2,316 per MT and RM2,043 per MT respectively from RM2,985 per MT and RM 2,981 per MT for Q1 2017. On the other hand, FFB production for Q1 2018 increased to 181,219 MT from 148,813 MT in Q1 2017.

1.2 Others

This segment reported lower revenue of RM32.0 million compared to RM36.0 million for the corresponding period in 2017. Operating profit for Q1 2018 of RM3.7 million was also slightly lower than the RM4.1 million achieved in the corresponding quarter prior year mainly due to lower cocoa product selling price and lower volume of cocoa product sold.

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

For Q1 2018, the Group registered revenue of RM226.1 million compared with the immediate preceding quarter of RM270.0 million due to lower average CPO and PK prices. Lower core profit before taxation of RM17.0 million for this quarter against RM42.8 million for the preceding quarter was mainly attributable to lower profit contribution from palm segment, joint ventures and associate. Accordingly profit before tax also declined despite higher foreign exchange gain of RM11.3 against previous quarter of RM4.2 million.

3. Commentary on the prospects

The Group expects its crop production for current year to further improve vis a vis prior year due to better age profile and with more planted areas coming into maturity and harvesting.

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

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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 Ended 31.03.2018 RM'000 | Year-To-Date Ended 31.03.2018 RM'000 |
|---|--|---|
| Interest income | (2,204) | (2,204) |
| Interest expense | 10,461 | 10,461 |
| Dividend income | (129) | (129) |
| Rental income | (199) | (199) |
| Depreciation and amortization | 23,012 | 23,012 |
| Fair value (gain)/ loss on derivatives | | |
| - Forward currency contracts | (79) | (79) |
| - Commodity future contracts | 841 | 841 |
| Net foreign exchange gain | | |
| - Realised | (83) | (83) |
| - Unrealised | (11,113) | (11,113) |
| Net impairment loss on trade and other receivables | 79 | 79 |
| Write back of impairment on inventories | (2,273) | (2,273) |
| Net gain on disposal of property, plant and equipment | (191) | (191) |
| Write-off of property, plant and equipment | 424 | 424 |

6. Income Tax Expense

Current tax:

| | | |
|----------------------|-------|-------|
| Malaysian income tax | 4,024 | 4,024 |
| Foreign tax | 3,568 | 3,568 |

Under/(over) provision in prior year

| | | |
|-------------|-----|-----|
| Foreign tax | 293 | 293 |
|-------------|-----|-----|

Deferred tax:

| | | |
|--|--------------|--------------|
| Relating to origination and reversal of temporary differences | (1,280) | (1,280) |
| Under provision in prior year | 3,095 | 3,095 |
| | <u>9,700</u> | <u>9,700</u> |

Excluding the results of the associate and joint ventures, 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.

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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 31.03.2018 | | | | | |
|--------------|--------------------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------|
| | 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 | 40,407 | - | 71,659 | - | 112,066 | - |
| Unsecured | 218,638 | 476,139 | - | 666,416 | 218,638 | 1,142,555 |
| Total | 259,045 | 476,139 | 71,659 | 666,416 | 330,704 | 1,142,555 |

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 31 March, 2018.

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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.

| | Quarter Ended | | Year-To-Date Ended | |
|--|--------------------------|--|---------------------------|--|
| | <u>31.03.2018</u> | <u>31.03.2017</u> <u>(Restated)</u> | <u>31.03.2018</u> | <u>31.03.2017</u> <u>(Restated)</u> |
| Net profit for the quarter (RM'000) | 17,826 | 29,256 | 17,826 | 29,256 |
| Weighted average number of ordinary shares in issue ('000) | 1,381,799 | 1,345,408 | 1,381,799 | 1,345,408 |
| Basic earnings per ordinary share (sen) | 1.29 | 2.17 | 1.29 | 2.17 |

(b) Diluted earnings per share

This is not applicable to the Group

12. 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 May 2018.