

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter and Year-To- Date Ended 30 June 2018**

	Quarter Ended			Year-To-Date Ended		
	30.06.2018 RM'000	30.06.2017 RM'000 (Restated)	Changes %	30.06.2018 RM'000	30.06.2017 RM'000 (Restated)	Changes %
Revenue	232,922	258,231	-10%	459,058	546,731	-16%
Cost of sales	<u>(160,510)</u>	<u>(165,521)</u>	-3%	<u>(306,640)</u>	<u>(362,096)</u>	-15%
Gross profit	72,412	92,710	-22%	152,418	184,635	-17%
Other operating income	4,254	3,483	22%	15,160	13,820	10%
Other operating expenses	<u>(35,803)</u>	<u>(53,422)</u>	-33%	<u>(101,382)</u>	<u>(113,046)</u>	-10%
Operating profit	40,863	42,771	-4%	66,196	85,409	-22%
Finance costs	(10,893)	(8,840)	23%	(21,353)	(18,536)	15%
Share of profit of an associate	518	2,061	-75%	804	3,855	-79%
Share of profit of jointly controlled entities	<u>668</u>	<u>(1,332)</u>	150%	<u>2,545</u>	<u>(743)</u>	442%
Core profit before taxation	31,156	34,660	-10%	48,192	69,985	-31%
Gain/ (Loss) on foreign exchange	(13,710)	3,264	-520%	(2,435)	11,111	-122%
Profit before taxation	<u>17,446</u>	<u>37,924</u>	-54%	<u>45,757</u>	<u>81,096</u>	-44%
Taxation	<u>(8,981)</u>	<u>(8,446)</u>	6%	<u>(18,681)</u>	<u>(16,746)</u>	12%
Profit for the period	<u>8,465</u>	<u>29,478</u>	-71%	<u>27,076</u>	<u>64,350</u>	-58%
Other Comprehensive Income/ (Loss) <i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	8,808	(50,381)	117%	(95,305)	(58,485)	63%
Other Comprehensive income/ (loss) for the period, net of tax	<u>8,808</u>	<u>(50,381)</u>	117%	<u>(95,305)</u>	<u>(58,485)</u>	63%
Total comprehensive income/ (loss) for the period	<u>17,273</u>	<u>(20,903)</u>	183%	<u>(68,229)</u>	<u>5,865</u>	-1263%
Profit attributable to :						
Owners of the parent	4,107	25,288	-84%	21,934	54,544	-60%
Non-controlling interests	<u>4,358</u>	<u>4,190</u>	4%	<u>5,142</u>	<u>9,806</u>	-48%
	<u>8,465</u>	<u>29,478</u>	-71%	<u>27,076</u>	<u>64,350</u>	-58%
Total comprehensive income/ (loss) attributable to :						
Owners of the parent	12,871	(22,884)	-156%	(64,700)	(3,742)	1629%
Non-controlling interests	<u>4,402</u>	<u>1,981</u>	122%	<u>(3,529)</u>	<u>9,607</u>	-137%
	<u>17,273</u>	<u>(20,903)</u>	-183%	<u>(68,229)</u>	<u>5,865</u>	-1263%
Earnings per share attributable to equity holders of the Company						
Basic (sen)	0.30	1.87	-84%	1.59	4.05	-61%
Diluted (sen)	0.30	1.87	-84%	1.59	4.05	-61%

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 30 June 2018

	As at 30.06.2018 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	1,880,846	1,916,641	1,972,320
Biological assets	320,192	317,233	342,367
Land use rights	172,830	181,799	201,562
Intangible assets	55,519	57,252	61,057
Investments in associates	83,469	85,817	80,849
Investments in jointly controlled entities	70,852	73,307	75,772
Deferred tax assets	16,643	19,304	18,543
Other receivables	74,533	78,250	71,023
Investments securities	50	50	5,064
	<u>2,674,934</u>	<u>2,729,653</u>	<u>2,828,557</u>
Current assets			
Inventories	221,409	211,537	237,589
Biological assets	9,861	7,421	6,262
Trade and other receivables	94,818	85,469	132,470
Other current assets	20,933	18,386	27,456
Tax recoverable	6,456	3,976	15,923
Investments securities	17	27	19
Derivative assets	1,627	5,424	836
Short term funds	3,000	-	144
Cash and bank balances	81,769	139,280	131,202
	<u>439,890</u>	<u>471,520</u>	<u>551,901</u>
TOTAL ASSETS	<u><u>3,114,824</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	(259,249)	(172,616)	13,303
Retained earnings	801,540	807,242	720,503
	<u>1,282,795</u>	<u>1,375,130</u>	<u>1,407,805</u>
Non-controlling interests	120,775	124,304	153,490
Total equity	<u>1,403,570</u>	<u>1,499,434</u>	<u>1,561,295</u>
Non-current liabilities			
Retirement benefits	16,190	15,636	14,582
Borrowings	755,300	793,434	866,784
Hire purchase payables	108	128	-
Deferred tax liabilities	120,100	122,274	129,539
	<u>891,698</u>	<u>931,472</u>	<u>1,010,905</u>
Current liabilities			
Borrowings	718,457	649,090	663,425
Hire purchase payables	35	29	41
Trade and other payables	96,227	107,303	122,700
Derivative liabilities	-	124	10,243
Current tax payable	4,837	13,721	11,849
	<u>819,556</u>	<u>770,267</u>	<u>808,258</u>
Total liabilities	<u>1,711,254</u>	<u>1,701,739</u>	<u>1,819,163</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,114,824</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 Year-To-Date Ended 30 June 2018**

	← Attributable to owners of the parent →										
	← Non-distributable					→ Distributable					
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Year-To-Date Ended 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 2018	740,512	-	(8)	109,441	9,630	215	(50,228)	667,310	1,476,872	130,373	1,607,245
- prior year adjustment	-	-	-	(109,441)	-	-	(132,232)	139,932	(101,741)	(6,069)	(107,810)
- as restated	740,512	-	(8)	0	9,630	215	(182,460)	807,242	1,375,131	124,304	1,499,435
Profit for the period	-	-	-	-	-	-	-	21,934	21,934	5,142	27,076
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	(86,634)	-	(86,634)	(8,671)	(95,305)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	(86,634)	-	(86,634)	(8,671)	(95,305)
Total comprehensive income for the period	-	-	-	-	-	-	(86,634)	21,934	(64,700)	(3,529)	(68,229)
Dividends paid	-	-	-	-	-	-	-	(27,636)	(27,636)	-	(27,636)
At 30 June 2018	<u>740,512</u>	<u>-</u>	<u>(8)</u>	<u>0</u>	<u>9,630</u>	<u>215</u>	<u>(269,094)</u>	<u>801,540</u>	<u>1,282,795</u>	<u>120,775</u>	<u>1,403,570</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	-	-	-	-	-	-	-	54,545	54,545	9,806	64,352
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	(58,285)	-	(58,285)	(199)	(58,485)
Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	(58,285)	-	(58,285)	(199)	(58,485)
Total comprehensive income for the period	-	-	-	-	-	-	(58,285)	54,545	(3,740)	9,607	5,867
Issue of ordinary shares	21,868	-	-	-	-	-	-	9,622	31,490	(31,490)	-
Utilization of share premium for issuing expenses	(34)	-	-	-	-	-	-	-	(34)	34	-
Transfer pursuant to Companies Act 2016	4,746	(1,301)	-	-	(3,444)	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(27,136)	(27,136)	-	(27,136)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	(2,610)	(2,610)
At 30 June 2017	<u>699,286</u>	<u>-</u>	<u>(8)</u>	<u>0</u>	<u>9,630</u>	<u>231</u>	<u>(58,285)</u>	<u>757,533</u>	<u>1,408,386</u>	<u>129,031</u>	<u>1,537,417</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 2017

**Condensed Consolidated Statement of Cash Flows
For The Year-To-Date Ended 30 June 2018**

	Year-To-Date Ended	
	30.06.2018 RM'000	30.06.2017 RM'000
Cash Flows from Operating Activities		
Profit before taxation	45,757	81,096
Adjustments for :-		
Depreciation and amortisation of property, plant and equipment	39,344	44,908
Amortisation of biological assets	132	132
Property, plant and equipment written off	452	457
Impairment loss on property, plant and equipment	39	-
Amortisation of land use rights	3,106	3,418
Inventories written (back)/ down	(45)	(217)
(Write back)/impairment loss on investment securities	10	(1)
Net loss/ (gain) on disposal of property, plant and equipment	(363)	58
Impairment loss on trade and other receivables	172	335
Net gains on redemption of short-term investment	98	-
Net unrealised foreign exchange (gain)/loss	3,036	(10,618)
Fair value (gain)/ loss of the commodity future contract	3,991	(6,401)
Share of profit of jointly controlled entities	(2,545)	743
Share of profit of an associate	(806)	(3,855)
Interest expense	21,353	18,536
Interest income	(5,948)	(2,895)
Dividend income	(145)	(60)
Operating profit before working capital changes	107,638	125,636
Changes in working capital		
Inventories/Biological Assets	(12,218)	21,488
Receivables	(9,761)	41,039
Payables	(17,783)	(20,877)
Cash generated from operations	67,876	167,286
Interest paid	(21,353)	(18,536)
Income tax paid	(24,645)	(11,617)
Net cash generated from operating activities	21,878	137,133
Cash Flows from Investing Activities		
(Placement)/ uplift of short-term investments	(3,098)	144
(Placement)/withdrawal of deposits	(1,999)	152
Purchase of property, plant and equipment and land use rights	(34,725)	(29,004)
Payment for oil palm planting expenditure	(49,207)	(63,411)
Payment of forest planting expenditure	(3,091)	(5,488)
Placement of pledged deposits	(916)	-
Proceeds from disposal of property, plant and equipment	530	2,005
Interest received	5,948	2,895
Dividends received	8,297	2,161
Net cash used in investing activities	(78,261)	(90,546)
Cash Flows from Financing Activities		
Net (repayment)/ drawdown of term loans/commercial papers/medium term notes	(28,929)	(120,508)
Net drawdown/ (repayment) in other borrowings	57,625	78,080
Net movement in hire purchase payables	(14)	(40)
Dividends paid to non-controlling interests	-	(2,610)
Dividends paid	(27,636)	(27,136)
Net cash (used in)/ generated from financing activities	1,046	(72,214)
Net increase in cash and cash equivalents	(55,337)	(25,627)
Cash and cash equivalents at beginning of period	127,904	124,511
Effect of foreign exchange rate changes	112	1,860
Effect of foreign exchange rate changes on cash and cash equivalents	(3,946)	(3,606)
Cash and cash equivalents at end of period	68,733	97,138

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

TSH RESOURCES BERHAD (49548-D)

(Incorporated in Malaysia)

EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 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 30 June 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 from 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	RM'000	RM'000	RM'000	RM'000	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
Non-Controlling Interests	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

	Quarter Ended 30.06.2017		
	Previously reported under FRS	Effects On Adoption of MFRS	Reported under MFRS
	RM'000	RM'000	RM'000
Other operating income	2,865	618	3,483
Other operating expenses	(48,953)	(4,469)	(53,422)
Profit before tax	41,521	(3,597)	37,924
Income tax expense	(10,146)	1,700	(8,446)
Profit for the quarter	31,375	(1,897)	29,478
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences	(51,984)	1,603	(50,381)
Total comprehensive (loss)/income for the quarter, net of tax	(20,609)	(294)	(20,903)
Net profit attributable to:			
Equity holders of the parent	27,699	(2,411)	25,288
Non-controlling interests	3,676	514	4,190
	31,375	(1,897)	(29,478)
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent	(22,075)	(809)	(22,884)
Non-controlling interests	1,466	515	1,981
	(20,609)	(294)	(20,903)

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1. Basis of preparation (continued)

Condensed Consolidated Statement of Comprehensive Income

	Year-To-Date Ended 30.06.2017		
	Previously reported under FRS	Effects On Adoption of MFRS	Reported under MFRS
	RM'000	RM'000	RM'000
Other operating income	10,753	3,067	13,820
Other operating expenses	(100,144)	(12,902)	(113,046)
Profit before tax	90,434	(9,338)	81,096
Income tax expense	(20,197)	3,451	(16,746)
Profit for the quarter	70,237	(5,887)	64,350
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences	(59,808)	1,323	(58,485)
Total comprehensive (loss)/income for the quarter, net of tax	(10,429)	(4,564)	(5,865)
Net profit attributable to:			
Equity holders of the parent	61,647	(7,103)	54,544
Non-controlling interests	8,590	1,216	9,806
	70,237	(5,887)	(64,350)
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent	2,038	(5,780)	(3,742)
Non-controlling interests	8,391	1,216	9,607
	10,429	(4,564)	5,865

TSH RESOURCES BERHAD (49548-D)
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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.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter 30 June 2018.

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5. Changes in estimates

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

6. Debt and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter ended 30 June 2018.

7. Dividends paid

During the quarter ended 30 June 2018, a final single tier dividend of 2.00 sen per ordinary share for the year ended 31 December 2017 amounted to RM 27,634,970 was paid on 20 June, 2018.

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8. Segmental information
i) Business segments

Year-To-Date ended 30 June 2018

	Palm Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
External Revenue	394,250	64,808	-	459,058
Inter-Segment	16,918	-	(16,918)	-
TOTAL REVENUE	411,168	64,808	(16,918)	459,058
SEGMENT RESULTS	66,987	10,794		77,781
Unallocated corporate expenses				(11,585)
Loss on foreign exchange				(2,435)
Finance costs				(21,353)
Share of profit of an associate				804
Share of profit of joint ventures				2,545
Profit before taxation				45,757
Income taxes				(18,681)
Cumulative profit up to 30 June 2018				27,076
OTHER INFORMATION				
SEGMENTS ASSETS	2,210,527	672,887		2,883,414
Investment in jointly ventures				70,852
Investment in associate				83,469
Unallocated assets				77,089
Consolidated total assets				3,114,824
SEGMENT LIABILITIES	35,452	73,660		109,112
Borrowings				1,473,757
Deferred tax liabilities				119,607
Unallocated liabilities				8,778
Consolidated total liabilities				1,711,254

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8. Segmental information (continued)

ii) Geographical segments

	Total revenue from external customers RM'000	Segment Assets RM'000
Malaysia	244,905	1,385,022
Indonesia	166,992	1,720,486
Europe	5,665	4,985
United States of America	27,574	3,224
Others	13,922	1,107
Total	459,058	3,114,824

9. 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.

10. Discontinued operation

There was no discontinued operation during the quarter ended 30 June 2018.

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11. Commitments

i. Capital commitments

The amount of commitments for capital expenditure as at 30 June 2018 is as follows:

	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000
Approved and contracted for	8,836	4,686
Approved but not contracted for	17,665	11,692
	<u>26,501</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 30.06.2018 RM'000	As at 31.12.2017 RM'000
Not later than 1 year	490	480
Later than 1 year and not later than 5 years	766	834
Later than 5 years	760	815
	<u>2,016</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 30.06.2018 RM'000	As at 31.12.2017 RM'000
Not later than 1 year	506	571
Later than 1 year and not later than 5 years	198	625
	<u>704</u>	<u>1,196</u>

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12. Changes in contingent liabilities or contingent assets

	As at 30.06.2018 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>52,743</u>	<u>57,734</u>

13. Material related party transactions

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

	Year-To-Date ended 30 June 2018 RM'000
Sales of crude palm oil	186,190
Sales of palm kernel	36,801

14. 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 current quarter ended 30 June 2018 ("Q2 2018") and the six months ended 30 June 2018 ("6M 2018") were RM232.9 million and RM459.1 million respectively, compared to RM258.2 million and RM546.7 million for the preceding year corresponding periods. These decreases were attributable to the lower average Crude Palm Oil ("CPO") price despite significantly higher FFB production.

The Group's core profit before taxation for Q2 2018 and 6M 2018 also declined to RM31.2 million and RM48.2 million respectively from RM34.7 million and RM70.0 million in the preceding year corresponding periods due to lower CPO price in Palm Segment.

Profit before taxation for Q2 2018 reduced to RM17.4 million from RM37.9 million mainly due to the loss on foreign exchange compared to the foreign exchange gains in the corresponding quarter in the preceding year. Profit before taxation for 6M 2018 also decreased to RM45.8 million from RM81.1 million registered for the corresponding period preceding year due to lower core profit and foreign exchange loss.

1.1 Palm Product

This segment reported lower revenues of RM200.1 million and RM394.3 million for the Q2 2018 and 6M 2018 respectively, compared to RM229.4 million and RM481.9 million for the corresponding periods in the preceding year due to lower CPO price. Q2 2018 reported lower segment profits of RM38.7 million compared to RM42.8 million for the corresponding periods in the preceding year attributable to the lower average CPO price. Despite higher FFB production, the segment profit of RM67.0 million for 6M, 2018 fell short of the RM87.5 million for the corresponding periods in the preceding year due to lower average CPO price.

Average CPO prices for Q2 2018 and 6M 2018 were RM2,283 per MT and RM2,299 per MT respectively, compared to RM2,656 per MT and RM2,805 per MT for the corresponding periods in the preceding year. As for FFB production, the Group achieved 220,483 MT and 401,723 MT in Q2 2018 and 6M 2018 respectively, representing increases of 25% and 23% respectively compared to 176,090 MT and 324,903MT achieved in the corresponding periods in the preceding year.

1.2 Others

This segment reported higher revenues of RM32.8 million and RM64.8 million for the Q2 2018 and 6M 2018 respectively, compared to RM28.8 million and RM64.8 million for the corresponding periods in the preceding year. Higher revenue for current quarter was mainly due to higher cocoa product revenue.

Operating profit for Q2 2018 and 6M 2018 of RM7.1 million and RM10.8 million respectively were higher compared to RM3.9 million and RM8.0 million in corresponding periods in preceding year mainly due to higher sales of cocoa product, favourable cocoa butter ratio and cocoa butter prices.

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

For Q2 2018, the Group registered revenue of RM232.9 million which is slightly higher compared with the immediate preceding quarter of RM226.1 million due to higher FFB crop despite marginally lower CPO price.

The Group registered 83% increase in core profit before taxation of RM31.2 million for Q2 2018 against RM17.0 million for the preceding quarter as a result of a 22% increase in FFB production from 181,219MT to 220,483 MT.

However, profit before tax for Q2 2018 of RM17.4 million was lower due to higher net foreign exchange loss of RM13.7 against net foreign exchange gain of RM11.3 million in previous quarter.

3. Commentary on the prospects

The Group expects its FFB 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.

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.

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 30.06.2018 RM'000	Year-To-Date Ended 30.06.2018 RM'000
Interest income	(3,744)	(5,948)
Interest expense	10,893	21,353
Dividend income	(16)	(145)
Rental income	(187)	(386)
Depreciation and amortization	19,570	42,582
Fair value (gain)/ loss on derivatives		
- Forward currency contracts	(326)	(405)
- Commodity future contracts	3,151	3,991
Net foreign exchange loss/ (gains)		
- Realised	(518)	(602)
- Unrealised	14,554	3,442
Net impairment loss on trade and other receivables	93	172
Inventories write down/(write back)	2,227	(45)
Net gain on disposal of property, plant and equipment	(173)	(363)
Write-off of property, plant and equipment	29	452

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6. Income Tax Expense

	Quarter Ended 30.06.2018 <u>RM'000</u>	Year-To-Date Ended 30.06.2018 <u>RM'000</u>
Current tax :		
Malaysian income tax	3,725	7,749
Foreign tax	7,136	10,704
Under/(over) provision in prior year		
Foreign tax	(382)	(89)
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,498)	(2,778)
Under provision in prior year	-	3,095
	<u>8,981</u>	<u>18,681</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 deferred income tax.

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 30.06.2018					
	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	41,990	-	71,878	-	113,868	-
Unsecured	207,890	468,576	-	683,423	207,890	1,151,999
Total	249,880	468,576	71,878	683,423	321,758	1,151,999

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9. Derivatives

The forward foreign exchange contracts are entered into by the Group as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments. The commodity future contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the CPO and cocoa commodities.

As at 30 June 2018, the values and maturity analysis of the outstanding derivatives are as follows:-

	Contract/notional amount RM'000	Assets RM'000	Maturity Profile
Group			
Non-hedging derivatives :			
Current			
Forward currency contracts	42,888	781	Less than 1 year
Commodity futures contracts	46,461	846	Less than 1 year
	89,349	1,627	

10. 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

The Company did not declare any interim dividend for the current quarter ended 30 June, 2018.

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12. Earnings per share

(a) Basic earnings per share

Basic earnings per share amounts are 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>30.06.2018</u>	<u>30.06.2017</u> <u>(Restated)</u>	<u>30.06.2018</u>	<u>30.06.2017</u> <u>(Restated)</u>
Net profit for the quarter (RM'000)	4,107	25,288	21,934	54,544
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)	0.30	1.87	1.59	4.05

(b) Diluted earnings per share

This is not applicable to the Group

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 23 Aug 2018.