

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

	Quarter Ended			Year-To-Date Ended		
	30.09.2018 RM'000	30.09.2017 RM'000 (Restated)	Changes %	30.09.2018 RM'000	30.09.2017 RM'000 (Restated)	Changes %
Revenue	225,755	256,821	-12%	684,814	803,553	-15%
Cost of sales	<u>(142,204)</u>	<u>(152,044)</u>	-6%	<u>(448,845)</u>	<u>(514,140)</u>	-13%
Gross profit	83,551	104,777	-20%	235,969	289,413	-18%
Other operating income	726	430	69%	15,886	14,250	11%
Other operating expenses	<u>(40,323)</u>	<u>(57,046)</u>	-29%	<u>(141,705)</u>	<u>(170,092)</u>	-17%
Operating profit	43,954	48,161	-9%	110,150	133,571	-18%
Finance costs	(11,596)	(10,518)	10%	(32,950)	(29,054)	13%
Share of profit of an associate	887	2,662	-67%	1,691	6,517	-74%
Share of profit of jointly controlled entities	<u>425</u>	<u>2,428</u>	-83%	<u>2,970</u>	<u>1,685</u>	76%
Core profit before taxation	33,670	42,733	-21%	81,861	112,719	-27%
Gain/ (Loss) on foreign exchange	(9,571)	1,108	-964%	(12,006)	12,219	-198%
Profit before taxation	24,099	43,841	-45%	69,855	124,938	-44%
Taxation	<u>(11,063)</u>	<u>(12,221)</u>	-9%	<u>(29,744)</u>	<u>(28,967)</u>	3%
Profit for the period	<u>13,036</u>	<u>31,620</u>	-59%	<u>40,111</u>	<u>95,971</u>	-58%
Other Comprehensive Income/ (Loss) <i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	(27,005)	(48,249)	-44%	(122,310)	(106,734)	15%
Other Comprehensive income/ (loss) for the period, net of tax	<u>(27,005)</u>	<u>(48,249)</u>	-44%	<u>(122,310)</u>	<u>(106,734)</u>	15%
Total comprehensive income/ (loss) for the period	<u><u>(13,969)</u></u>	<u><u>(16,629)</u></u>	-16%	<u><u>(82,199)</u></u>	<u><u>(10,763)</u></u>	664%
Profit attributable to :						
Owners of the parent	8,118	27,116	-70%	30,052	81,661	-63%
Non-controlling interests	<u>4,918</u>	<u>4,504</u>	9%	<u>10,059</u>	<u>14,310</u>	-30%
	<u><u>13,036</u></u>	<u><u>31,620</u></u>	-59%	<u><u>40,111</u></u>	<u><u>95,971</u></u>	-58%
Total comprehensive income/ (loss) attributable to :						
Owners of the parent	(20,606)	(18,850)	9%	(85,307)	(22,591)	278%
Non-controlling interests	<u>6,637</u>	<u>2,221</u>	199%	<u>3,108</u>	<u>11,828</u>	-74%
	<u><u>(13,969)</u></u>	<u><u>(16,629)</u></u>	-16%	<u><u>(82,199)</u></u>	<u><u>(10,763)</u></u>	664%
Earnings per share attributable to equity holders of the Company						
Basic (sen)	0.59	1.97	-70%	2.17	6.02	-64%
Diluted (sen)	0.59	1.97	-70%	2.17	6.02	-64%

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 September 2018

	As at 30.09.2018 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	1,874,357	1,916,641	1,972,320
Biological assets	322,024	317,233	342,367
Land use rights	169,216	181,799	201,562
Intangible assets	55,089	57,252	61,057
Investments in associates	84,356	85,817	80,849
Investments in jointly controlled entities	71,276	73,307	75,772
Deferred tax assets	15,972	19,304	18,543
Other receivables	74,222	78,250	71,023
Investments securities	50	50	5,064
	<u>2,666,562</u>	<u>2,729,653</u>	<u>2,828,557</u>
Current assets			
Inventories	220,521	211,537	237,589
Biological assets	7,011	7,421	6,262
Trade and other receivables	82,083	85,470	132,471
Other current assets	20,437	18,386	27,456
Tax recoverable	8,680	3,976	15,923
Investments securities	17	27	19
Derivative assets	3,456	5,424	836
Short term funds	1,493	-	144
Cash and bank balances	93,571	139,280	131,202
	<u>437,269</u>	<u>471,521</u>	<u>551,902</u>
TOTAL ASSETS	<u>3,103,831</u>	<u>3,201,174</u>	<u>3,380,459</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	(287,974)	(172,615)	13,305
Retained earnings	809,658	807,242	720,502
	<u>1,262,188</u>	<u>1,375,131</u>	<u>1,407,806</u>
Non-controlling interests	126,432	124,304	153,490
Total equity	<u>1,388,620</u>	<u>1,499,435</u>	<u>1,561,296</u>
Non-current liabilities			
Retirement benefits	16,067	15,636	14,582
Borrowings	755,541	793,434	866,784
Hire purchase payables	101	128	-
Deferred tax liabilities	120,275	122,274	129,539
	<u>891,984</u>	<u>931,472</u>	<u>1,010,905</u>
Current liabilities			
Borrowings	724,841	649,090	663,425
Hire purchase payables	35	29	41
Trade and other payables	93,789	107,303	122,700
Derivative liabilities	-	124	10,243
Current tax payable	4,562	13,721	11,849
	<u>823,227</u>	<u>770,267</u>	<u>808,258</u>
Total liabilities	<u>1,715,211</u>	<u>1,701,739</u>	<u>1,819,163</u>
TOTAL EQUITY AND LIABILITIES	<u>3,103,831</u>	<u>3,201,174</u>	<u>3,380,459</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 September 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	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	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	130,373	1,607,245	
- prior year adjustment	-	-	-	(109,441)	-	-	(132,232)	139,932	(6,069)	(107,810)	
- as restated	740,512	-	(8)	-	9,630	215	(182,460)	807,242	124,304	1,499,435	
Profit for the period	-	-	-	-	-	-	-	30,052	10,059	40,111	
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	(115,359)	-	(6,951)	(122,310)	
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	(115,359)	-	(6,951)	(122,310)	
Total comprehensive income for the period	-	-	-	-	-	-	(115,359)	30,052	3,108	(82,199)	
Dividends paid	-	-	-	-	-	-	-	(27,636)	-	(27,636)	
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	(980)	(980)	
At 30 September 2018	<u>740,512</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>9,630</u>	<u>215</u>	<u>(297,819)</u>	<u>809,658</u>	<u>126,432</u>	<u>1,388,620</u>	
At 1 January 2017	672,706	1,301	(8)	111,753	13,074	231	138,490	569,437	156,444	1,663,428	
- prior year adjustment	-	-	-	(111,753)	-	-	(138,490)	151,065	(2,954)	(102,132)	
- as restated	672,706	1,301	(8)	-	13,074	231	-	720,502	153,490	1,561,296	
Profit for the period	-	-	-	-	-	-	-	81,661	14,310	95,971	
Other comprehensive income											
Foreign currency translation	-	-	-	-	-	-	(104,251)	-	(2,483)	(106,734)	
Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	(104,251)	-	(2,483)	(106,734)	
Total comprehensive income for the period	-	-	-	-	-	-	(104,251)	81,661	11,827	(10,763)	
Issue of ordinary shares	63,118	-	-	-	-	-	-	9,622	(31,490)	41,250	
Utilization of share premium for issuing expenses	(57)	-	-	-	-	-	-	-	57	-	
Transfer pursuant to Companies Act 2016	4,746	(1,301)	-	-	(3,444)	-	-	-	-	-	
Dividends paid	-	-	-	-	-	-	-	(27,136)	-	(27,136)	
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	(2,610)	(2,610)	
At 30 September 2017	<u>740,513</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>9,630</u>	<u>231</u>	<u>(104,251)</u>	<u>784,649</u>	<u>131,274</u>	<u>1,562,037</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 September 2018**

	Year-To-Date Ended	
	30.09.2018 RM'000	30.09.2017 RM'000
Cash Flows from Operating Activities		
Profit before taxation	69,855	124,938
Adjustments for :-		
Depreciation and amortisation of property, plant and equipment	58,204	58,564
Amortisation of biological assets	198	198
Property, plant and equipment written off	535	1,008
Impairment loss on property, plant and equipment	39	-
Amortisation of land use rights	4,799	4,985
Inventories written (back)/ down	73	(211)
(Write back)/impairment loss on investment securities	10	(10)
Net loss/ (gain) on disposal of property, plant and equipment	(502)	135
(Write back)/ Impairment loss on trade and other receivables	(322)	404
Net gains on redemption of short-term investment	101	-
Net unrealised foreign exchange (gain)/loss	12,662	(12,312)
Fair value (gain)/ loss of the commodity future contract	1,308	(6,762)
Share of profit of jointly controlled entities	(2,970)	(1,685)
Share of profit of an associate	(1,691)	(6,517)
Interest expense	32,950	29,054
Interest income	(6,753)	(3,916)
Dividend income	(159)	(169)
Operating profit before working capital changes	168,337	187,704
Changes in working capital		
Inventories/Biological Assets	(8,535)	23,969
Receivables	4,331	46,160
Payables	(15,416)	(13,069)
Cash generated from operations	148,717	244,764
Interest paid	(32,950)	(29,054)
Income tax paid	(38,874)	(24,191)
Net cash generated from operating activities	76,893	191,519
Cash Flows from Investing Activities		
(Placement)/ uplift of short-term investments	(1,594)	144
(Placement)/withdrawal of deposits	(2,668)	13
Purchase of property, plant and equipment and land use rights	(42,507)	(37,999)
Payment for oil palm planting expenditure	(72,350)	(90,025)
Payment of forest planting expenditure	(4,989)	(8,539)
Proceeds from disposal of property, plant and equipment	743	2,754
Interest received	6,753	3,916
Dividends received	8,311	12,270
Net cash used in investing activities	(108,301)	(117,466)
Cash Flows from Financing Activities		
Proceeds from issuance of ordinary shares	-	41,250
Net (repayment)/ drawdown of term loans/commercial papers/medium term notes	(32,002)	(174,489)
Net drawdown/ (repayment) in other borrowings	60,108	98,134
Net movement in hire purchase payables	(21)	(40)
Dividends paid to non-controlling interests	(980)	(2,610)
Dividends paid	(27,636)	(27,136)
Net cash used in financing activities	(531)	(64,891)
Net (decrease) / increase in cash and cash equivalents	(31,939)	9,162
Cash and cash equivalents at beginning of period	127,904	124,511
Effect of foreign exchange rate changes	(8,567)	(4,679)
Effect of foreign exchange rate changes on cash and cash equivalents	(4,901)	1,276
Cash and cash equivalents at end of period	82,497	130,270

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 SEPTEMBER 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 September 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	(241,673)	(172,615)	263,548	(250,243)	13,305
Retained profits	667,310	139,932	807,242	569,437	151,065	720,502
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 30.09.2017		
	Previously reported under FRS	Effects On Adoption of MFRS	Reported under MFRS
	RM'000	RM'000	RM'000
Other operating income	2,531	(2,101)	430
Other operating expenses	(49,882)	(7,164)	(57,046)
Profit before tax	52,753	(8,912)	43,841
Income tax expense	(13,763)	1,542	(12,221)
Profit for the quarter	38,990	7,370	31,620
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences	(50,399)	2,150	(48,249)
Total comprehensive loss for the quarter, net of tax	(11,409)	9,520	(16,629)
Net profit attributable to:			
Equity holders of the parent	30,693	(3,577)	27,116
Non-controlling interests	8,297	(3,793)	4,504
	38,990	(7,370)	31,620
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent	(17,423)	(1,427)	(18,850)
Non-controlling interests	6,014	(3,793)	2,221
	(11,409)	(5,220)	(16,629)

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1. Basis of preparation (continued)

Condensed Consolidated Statement of Comprehensive Income

	Year-To-Date Ended 30.09.2017		
	Previously reported under FRS	Effects On Adoption of MFRS	Reported under MFRS
	RM'000	RM'000	RM'000
Other operating income	13,284	966	14,250
Other operating expenses	(150,026)	(20,066)	(170,092)
Profit before tax	143,187	(18,249)	124,938
Income tax expense	(33,959)	4,992	(28,967)
Profit for the quarter	109,228	(13,257)	95,971
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences	(110,206)	3,472	(106,734)
Total comprehensive loss for the quarter, net of tax	(978)	(9,785)	(10,763)
Net profit attributable to:			
Equity holders of the parent	92,341	(10,680)	81,661
Non-controlling interests	16,887	(2,577)	14,310
	109,228	(13,257)	95,971
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent	(15,383)	(7,208)	(22,591)
Non-controlling interests	14,405	(2,577)	11,828
	(978)	(9,785)	(10,763)

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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 September 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 September 2018.

7. Dividends paid

There were no dividends paid during the quarter ended 30 September 2018.

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8. Segmental information
i) Business segments

Year-To-Date ended 30 September 2018

	Palm Product RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
External Revenue	585,940	98,874	-	684,814
Inter-Segment	25,641	-	(25,641)	-
TOTAL REVENUE	617,424	98,874	(25,641)	684,814
SEGMENT RESULTS	106,537	20,840		127,377
Unallocated corporate expenses				(17,227)
Loss on foreign exchange				(12,006)
Finance costs				(32,950)
Share of profit of an associate				1,691
Share of profit of joint ventures				2,970
Profit before taxation				69,855
Income taxes				(29,744)
Cumulative profit up to 30 September 2018				40,111
OTHER INFORMATION				
SEGMENTS ASSETS	2,198,711	669,922		2,868,633
Investment in jointly ventures				71,276
Investment in associate				84,356
Unallocated assets				75,246
Consolidated total assets				3,103,831
SEGMENT LIABILITIES	30,379	73,464		103,843
Borrowings				1,480,382
Deferred tax liabilities				120,275
Unallocated liabilities				10,711
Consolidated total liabilities				1,715,211

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8. Segmental information (continued)

ii) Geographical segments

	Total revenue from external customers RM'000	Segment Assets RM'000
Malaysia	340,074	1,386,961
Indonesia	272,473	1,707,781
Europe	8,287	5,080
United States of America	44,509	2,882
Others	19,471	1,127
Total	684,814	3,103,831

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 September 2018.

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11. Commitments

i. Capital commitments

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

	As at 30.09.2018 RM'000	As at 31.12.2017 RM'000
Approved and contracted for	12,567	4,686
Approved but not contracted for	25,311	11,692
	<u>37,878</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 30.09.2018 RM'000	As at 31.12.2017 RM'000
Not later than 1 year	520	480
Later than 1 year and not later than 5 years	756	834
Later than 5 years	732	815
	<u>2,008</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 30.09.2018 RM'000	As at 31.12.2017 RM'000
Not later than 1 year	397	571
Later than 1 year and not later than 5 years	1,249	625
	<u>1,646</u>	<u>1,196</u>

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12. Changes in contingent liabilities or contingent assets

	As at 30.09.2018 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>51,237</u>	<u>57,734</u>

13. Material related party transactions

Significant transactions between the Group and its joint venture are as follows:

	Year-To-Date ended 30 September 2018 RM'000
Sales of crude palm oil	255,070
Sales of palm kernel	49,319

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

Group revenue for the current quarter ended 30 September 2018 (“Q3 2018”) and the nine months ended 30 September 2018 (“9M 2018”) were RM225.8 million and RM684.8 million respectively, compared to RM256.8 million and RM803.6 million for the preceding year corresponding periods. The decreases were attributable to the lower average Crude Palm Oil (“CPO”) price despite higher FFB production.

Group core profit before taxation for Q3 2018 and 9M 2018 also declined to RM33.7 million and RM81.9 million respectively from RM42.7 million and RM112.7 million in the preceding year corresponding periods due to lower average CPO price.

Profit before taxation for Q3 2018 reduced to RM24.1 million from RM43.8 million mainly due to the loss on foreign exchange compared to the foreign exchange gain in the corresponding quarter in the preceding year. Profit before taxation for 9M 2018 also decreased to RM69.9 million from RM124.9 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 RM191.7 million and RM585.9 million for the Q3 2018 and 9M 2018 respectively, compared to RM229.0 million and RM710.9 million for the corresponding periods in the preceding year due to lower CPO price. Q3 2018 reported lower segment profit of RM39.6 million compared to RM50.6 million for the corresponding period in the preceding year attributable to the lower average CPO price. Despite higher FFB production, the segment profit of RM106.5 million for 9M 2018 fell short of the RM138.0 million for the corresponding period in the preceding year due to lower average CPO price.

Average CPO prices for Q3 2018 and 9M 2018 were RM2,037 per MT and RM2,205 per MT respectively, compared to RM2,576 per MT and RM2,727 per MT for the corresponding periods in the preceding year. As for FFB production, the Group achieved 250,204 MT and 651,927 MT in Q3 2018 and 9M 2018 respectively, representing increases of 18% and 21% respectively compared to 212,342 MT and 537,246 MT achieved in the corresponding periods in the preceding year.

1.2 Others

This segment reported higher revenues of RM34.1 million and RM98.9 million for the Q3 2018 and 9M 2018 respectively, compared to RM27.8 million and RM92.7 million for the corresponding periods in the preceding year. Higher revenue for current quarter was mainly due to higher revenues from cocoa products.

Operating profit for Q3 2018 and 9M 2018 of RM10.0 million and RM20.8 million respectively were higher compared to RM3.6 million and RM11.6 million in corresponding periods in preceding year mainly due to higher sales of cocoa products and better cocoa product 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 Q3 2018, the Group registered revenue of RM225.8million which is marginally lower compared with the immediate preceding quarter of RM232.9 million due to lower average CPO price despite higher FFB crop.

The Group registered marginal increase in core profit before taxation of RM33.7 million for Q3 2018 against RM31.2 million for the preceding quarter as a result of a 13% increase in FFB production from 220,483MT to 250,204 MT.

Profit before tax for Q3 2018 of RM24.1 million was also higher due to lower net foreign exchange loss of RM9.6 against net foreign exchange loss of RM13.7 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. However prices for Q4 will likely remain subdued due to high CPO inventory and ample supply of completing vegetable oils.

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 30.09.2018 RM'000	Year-To-Date Ended 30.09.2018 RM'000
Interest income	(805)	(6,753)
Interest expense	11,596	32,950
Dividend income	(14)	(159)
Rental income	(207)	(593)
Depreciation and amortization	20,619	63,201
Fair value (gain)/ loss on derivatives		
- Forward currency contracts	832	427
- Commodity future contracts	(2,683)	1,308
Net foreign exchange loss/ (gains)		
- Realised	(54)	(656)
- Unrealised	8,793	12,235
Net impairment loss on trade and other receivables	150	322
Inventories write down	118	73
Net gain on disposal of property, plant and equipment	(139)	(502)
Write-off of property, plant and equipment	83	535

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6. Income Tax Expense

	Quarter Ended 30.09.2018 RM'000	Year-To-Date Ended 30.09.2018 RM'000
Current tax :		
Malaysian income tax	2,200	9,949
Foreign tax	7,345	18,049
Under/(over) provision in prior year		
Malaysia income tax	645	645
Foreign tax	8	(81)
Deferred tax:		
Relating to origination and reversal of temporary differences	865	(1,913)
Under provision in prior year	-	3,095
	11,063	29,744

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 non-deductibility of certain expenses for tax purposes and under provision of deferred tax in prior year.

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 30.09.2018					
	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	38,676	-	81,282	-	119,958	-
Unsecured	264,159	422,006	28,956	645,303	293,115	1,067,309
Total	302,835	422,006	110,238	645,303	413,073	1,067,309

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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 September 2018, the values and maturity analysis of the outstanding derivatives are as follows:-

	Contract/notional amount RM'000	Assets /(Liabilities) RM'000	Maturity Profile
Group			
Non-hedging derivatives :			
Current			
Forward currency contracts	42,156	(51)	Less than 1 year
Commodity futures contracts	20,665	3,506	Less than 1 year
	62,821	3,455	

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 September, 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>30.09.2018</u>	<u>30.09.2017</u> <u>(Restated)</u>	<u>30.09.2018</u>	<u>30.09.2017</u> <u>(Restated)</u>
Net profit for the quarter (RM'000)	8,118	27,116	30,052	81,661
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)	0.59	1.97	2.17	6.02

(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 29 November 2018.