

**Condensed Consolidated Statement of Comprehensive Income  
For The Quarter and Year-To-Date Ended 31 December 2018**

	Quarter Ended			Year-To-Date Ended		
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	Changes %	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	Changes %
Revenue	221,460	269,954	-18%	906,274	1,073,507	-16%
Cost of sales	<u>(169,723)</u>	<u>(197,336)</u>	-14%	<u>(618,568)</u>	<u>(711,475)</u>	-13%
<b>Gross profit</b>	51,737	72,618	-29%	287,706	362,032	-21%
Other operating income	11,423	32,820	-65%	27,309	47,070	-42%
Other operating expenses	<u>(45,728)</u>	<u>(56,035)</u>	-18%	<u>(187,432)</u>	<u>(226,128)</u>	-17%
<b>Operating profit</b>	17,432	49,403	-65%	127,583	182,974	-30%
Finance costs	(10,693)	(12,719)	-16%	(43,643)	(41,773)	4%
Share of profit of an associate	434	935	-54%	2,124	7,452	-71%
Share of profit of joint ventures	<u>2,036</u>	<u>5,757</u>	-65%	<u>5,005</u>	<u>7,442</u>	-33%
<b>Core profit before taxation</b>	9,209	43,376	-79%	91,069	156,095	-42%
Gain/ (Loss) on foreign exchange	2,266	4,269	-47%	(9,740)	16,488	-159%
<b>Profit before taxation</b>	<u>11,475</u>	<u>47,645</u>	-76%	<u>81,329</u>	<u>172,583</u>	-53%
Taxation	<u>(57)</u>	<u>(22,834)</u>	-100%	<u>(29,801)</u>	<u>(51,801)</u>	-42%
<b>Profit for the period</b>	<u>11,418</u>	<u>24,811</u>	-54%	<u>51,528</u>	<u>120,782</u>	-57%
<b>Other Comprehensive Income/ (Loss)</b> <i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	60,961	(81,045)	175%	(61,350)	(187,779)	-67%
<i>Item that will not be reclassified subsequently to profit or loss:</i>						
Remeasurements of net defined benefit liabilities	<u>1,075</u>	<u>(1,902)</u>	156%	<u>1,075</u>	<u>(1,902)</u>	-156%
<b>Other Comprehensive income/ (loss) for the period, net of tax</b>	<u>62,036</u>	<u>(82,947)</u>	175%	<u>(60,275)</u>	<u>(189,681)</u>	-68%
<b>Total comprehensive income/ (loss) for the period</b>	<u>73,454</u>	<u>(58,136)</u>	226%	<u>(8,747)</u>	<u>(68,899)</u>	-87%
<b>Profit attributable to :</b>						
Owners of the parent	10,048	15,013	-33%	40,099	96,674	-59%
Non-controlling interests	<u>1,370</u>	<u>9,798</u>	-86%	<u>11,429</u>	<u>24,108</u>	-53%
	<u>11,418</u>	<u>24,811</u>	-54%	<u>51,528</u>	<u>120,782</u>	-57%
<b>Total comprehensive income/ (loss) attributable to :</b>						
Owners of the parent	69,144	(64,306)	208%	(16,165)	(86,897)	-81%
Non-controlling interests	<u>4,310</u>	<u>6,170</u>	-30%	<u>7,418</u>	<u>17,998</u>	-59%
	<u>73,454</u>	<u>(58,136)</u>	226%	<u>(8,747)</u>	<u>(68,899)</u>	-87%
<b>Earnings per share attributable to equity holders of the Company</b>						
Basic (sen)	0.73	1.09	-33%	2.90	7.09	-59%
Diluted (sen)	0.73	1.09	-33%	2.90	7.09	-59%

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 December 2018**

	<b>As at 31.12.2018 RM'000</b>	<b>As at 31.12.2017 RM'000 (Restated)</b>	<b>As at 01.01.2017 RM'000 (Restated)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,937,052	1,916,641	2,003,370
Biological assets	400,571	390,562	385,563
Land use rights	182,535	181,799	201,562
Intangible assets	56,172	57,252	61,057
Investments in associates	79,646	80,674	77,441
Investments in joint ventures	69,182	73,176	75,734
Deferred tax assets	14,088	19,304	18,543
Other receivables	80,076	79,725	72,899
Investments securities	50	50	5,064
	<u>2,819,372</u>	<u>2,799,183</u>	<u>2,901,233</u>
<b>Current assets</b>			
Inventories	199,872	211,537	237,589
Biological assets	5,086	7,825	7,290
Trade and other receivables	49,454	83,581	128,594
Other current assets	21,135	18,386	27,456
Tax recoverable	11,241	3,976	15,923
Investments securities	8	27	19
Derivative assets	119	5,424	836
Short term funds	-	-	144
Cash and bank balances	108,003	139,280	131,202
	<u>394,918</u>	<u>470,036</u>	<u>549,053</u>
<b>TOTAL ASSETS</b>	<u><u>3,214,290</u></u>	<u><u>3,269,219</u></u>	<u><u>3,450,286</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	740,512	740,512	672,706
Share premium	-	-	1,301
Treasury shares	(8)	(8)	(8)
Other reserves	(230,324)	(172,985)	12,144
Retained earnings	859,665	846,127	768,870
	<u>1,369,845</u>	<u>1,413,646</u>	<u>1,455,013</u>
<b>Non-controlling interests</b>	131,483	125,045	154,082
<b>Total equity</b>	<u>1,501,328</u>	<u>1,538,691</u>	<u>1,609,095</u>
<b>Non-current liabilities</b>			
Retirement benefits	16,085	15,636	14,582
Borrowings	792,637	793,434	866,784
Hire purchase payables	94	128	-
Deferred tax liabilities	140,026	150,776	151,257
	<u>948,842</u>	<u>959,974</u>	<u>1,032,623</u>
<b>Current liabilities</b>			
Borrowings	663,118	649,090	663,425
Hire purchase payables	35	29	41
Trade and other payables	98,150	107,590	123,010
Derivative liabilities	9	124	10,243
Current tax payable	2,808	13,721	11,849
	<u>764,120</u>	<u>770,554</u>	<u>808,568</u>
<b>Total liabilities</b>	<u>1,712,962</u>	<u>1,730,528</u>	<u>1,841,191</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>3,214,290</u></u>	<u><u>3,269,219</u></u>	<u><u>3,450,286</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 31 December 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
<b>At 1 January 2018</b>	740,512	-	(8)	-	9,630	215	(182,830)	846,127	1,413,646	125,045	1,538,691
<b>Profit for the period</b>	-	-	-	-	-	-	40,099	40,099	40,099	11,429	51,528
<b>Other comprehensive income</b>											
Foreign currency translation	-	-	-	-	-	-	(57,339)	-	(57,339)	(4,011)	(61,350)
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	1,075	1,075	1,075	-	1,075
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	-	-	-	(57,339)	1,075	(56,264)	(4,011)	(60,275)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	(57,339)	41,174	(16,165)	7,418	(8,747)
Dividends paid	-	-	-	-	-	-	-	(27,636)	(27,636)	-	(27,636)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	(980)	(980)
<b>At 31 December 2018</b>	<u>740,512</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>9,630</u>	<u>215</u>	<u>(240,169)</u>	<u>859,665</u>	<u>1,369,845</u>	<u>131,483</u>	<u>1,501,328</u>
<b>At 1 January 2017</b>	672,706	1,301	(8)	111,753	13,074	231	138,490	569,437	1,506,984	156,444	1,663,428
<b>Effect of adoptions of MFRS and Amendments to MFRSs - as restated</b>	-	-	-	(111,753)	-	-	(139,651)	199,433	(51,971)	(2,362)	(54,333)
<b>Profit for the period</b>	672,706	1,301	(8)	-	13,074	231	(1,161)	768,870	1,455,013	154,082	1,609,095
<b>Other comprehensive income</b>											
Foreign currency translation	-	-	-	-	-	-	(181,669)	-	(181,669)	(6,110)	(187,779)
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	-	(1,902)	(1,902)	-	(1,902)
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	-	-	-	(181,669)	(1,902)	(183,571)	(6,110)	(189,681)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	(181,669)	94,772	(86,897)	17,998	(68,899)
Issue of ordinary shares for privatisation undertaken, net of expenses	21,834	-	-	-	-	-	-	9,621	31,455	(31,490)	(35)
Issue of ordinary shares for private placement, net of expenses	41,227	-	-	-	-	-	-	-	41,227	-	41,227
Exercise of equity-settled employees share options by an associate	-	-	-	-	-	(16)	-	-	(16)	-	(16)
Transfer pursuant to Companies Act 2016	4,745	(1,301)	-	-	(3,444)	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(27,136)	(27,136)	-	(27,136)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	-	(15,545)	(15,545)
<b>At 31 December 2017</b>	<u>740,512</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>9,630</u>	<u>215</u>	<u>(182,830)</u>	<u>846,127</u>	<u>1,413,646</u>	<u>125,045</u>	<u>1,538,691</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 31 December 2018**

	Year-To-Date Ended	
	31.12.2018 RM'000	31.12.2017 RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	81,329	172,583
Adjustments for :-		
Depreciation and amortisation of property, plant and equipment	73,862	70,885
Amortisation of biological assets	1,181	1,181
Property, plant and equipment written off	575	6,057
Impairment loss on property, plant and equipment	39	(72)
Amortisation of land use rights	6,455	6,633
Inventories written down	134	3,913
Impairment loss/ (write back) on investment securities	19	(8)
Net (gain)/ loss on disposal of property, plant and equipment	(643)	128
Impairment loss/ (write back) on trade and other receivables	94	(671)
Gain on disposal of unquoted investment	-	(3,595)
(Gain)/ loss from fair value adjustment of forest planting expenditure	(4,562)	4,310
Net unrealised foreign exchange gain	(6,014)	(24,771)
Fair value loss/ (gain) of the commodity future contract	5,127	(13,215)
Changes in fair value of financial guarantee contracts	(29)	(22)
Allowance for expected loss	188	8
Loss/(gain) arising from changes in fair value of biological assets	2,709	(349)
Net loss on redemption of short -term investment	100	51
Share of profit of jointly controlled entities	(5,005)	(7,442)
Share of profit of an associate	(2,124)	(7,452)
Interest expense	43,643	41,773
Interest income	(8,195)	(14,326)
Dividend income	(169)	(4,489)
Operating profit before working capital changes	188,714	231,110
Changes in working capital		
Inventories/Biological Assets	12,215	13,463
Receivables	50,905	48,960
Payables	(15,212)	(9,118)
Cash generated from operations	236,622	284,415
Interest paid	(43,643)	(41,773)
Income tax paid	(49,894)	(37,373)
Net cash generated from operating activities	143,085	205,269
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of unquoted investment	-	8,609
(Placement)/ uplift of short-term investments	(100)	93
Placement of deposits	(357)	(4,676)
Purchase of property, plant and equipment and land use rights	(65,841)	(44,052)
Payment for oil palm planting expenditure	(90,991)	(113,483)
Payment of forest planting expenditure	(6,378)	(9,848)
Proceeds from disposal of property, plant and equipment	1,040	2,745
Interest received	8,195	14,326
Dividends received	12,321	18,692
Net cash used in investing activities	(142,111)	(127,594)
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of ordinary shares	-	41,192
Net repayment of term loans/ sukuk ijarah medium term notes	(9,593)	(163,665)
Net drawdown of other borrowings	15,182	101,593
Net movement in hire purchase payables	(28)	(60)
Dividends paid to non-controlling interests	(980)	(15,545)
Dividends paid	(27,636)	(27,136)
Net cash used in financing activities	(23,055)	(63,621)
Net (decrease) / increase in cash and cash equivalents	(22,081)	14,054
Cash and cash equivalents at beginning of period	127,904	124,511
Effect of foreign exchange rate changes on cash and cash equivalents	(5,981)	(10,661)
<b>Cash and cash equivalents at end of year</b>	<b>99,842</b>	<b>127,904</b>

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 31 DECEMBER 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 December 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 and fair value of forest planting expenditure in the Natural Forest Management areas 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.

**TSH RESOURCES BERHAD (49548-D)**  
(Incorporated in Malaysia)

**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 comprise of fresh fruit bunches prior to harvest and industrial tree plantation expenditure are measured at fair value less costs to sell, with fair value changes recognised in profit or loss. The biological asset comprise of forest plantation expenditures in the Natural Forest Management areas uses its fair value as deemed cost. These expenditures are amortised over the remaining period of the licence.

**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 earnings, 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.

**TSH RESOURCES BERHAD (49548-D)**  
 (Incorporated in Malaysia)

**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.

**vi) Adoption of MFRS 15 Revenue from Contracts with Customers**

The Group has assessed that the initial application of MFRS 15 does not have any significant impact on the financial statement of the Group.

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
<b><u>Non-current assets</u></b>						
Property, plant & equipment	770,071	1,146,570	1,916,641	824,724	1,178,646	2,003,370
Biological assets	1,612,386	(1,221,824)	390,562	1,625,886	(1,240,323)	385,563
<b><u>Current assets</u></b>						
Biological assets	-	7,825	7,825	-	7,290	7,290
Trade receivables	41,414	(814)	40,600	46,283	(2,425)	43,858
<b><u>Equity</u></b>						
Other reserves	69,058	(242,043)	(172,985)	263,548	(251,404)	12,144
Retained profits	667,310	178,817	846,127	569,437	199,433	768,870
Non-controlling Interests	130,373	(5,328)	125,045	156,444	(2,362)	154,082
<b><u>Non-current liabilities</u></b>						
Deferred tax liabilities	156,021	(5,245)	150,776	157,443	(6,186)	151,257

**TSH RESOURCES BERHAD (49548-D)**  
 (Incorporated in Malaysia)

**1. Basis of preparation (continued)**

**Condensed Consolidated Statement of Comprehensive Income**

	<b>Quarter Ended 31.12.2017</b>		
	<b>Previously reported under FRS</b>	<b>Effects On Adoption of MFRS</b>	<b>Reported under MFRS</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cost of sales	(177,722)	(19,614)	(197,336)
Other operating income	30,001	2,819	32,820
Other operating expenses	(72,169)	16,134	(56,035)
Profit before tax	50,136	(2,491)	47,645
Income tax expense	(17,201)	(5,633)	(22,834)
<b>Profit for the quarter</b>	<b>32,935</b>	<b>(8,124)</b>	<b>24,811</b>
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences	(84,732)	3,687	(81,045)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of net defined benefit liabilities	(1,902)	-	(1,902)
	<b>(53,699)</b>	<b>(4,437)</b>	<b>(58,136)</b>
Net profit attributable to:			
Equity holders of the parent	22,636	(7,623)	15,013
Non-controlling interests	10,299	(501)	9,798
	<b>32,935</b>	<b>(8,124)</b>	<b>24,811</b>
Total comprehensive loss attributable to:			
Equity holders of the parent	(60,259)	(4,047)	(64,306)
Non-controlling interests	6,560	(390)	6,170
	<b>(53,699)</b>	<b>(4,437)</b>	<b>(58,136)</b>



**TSH RESOURCES BERHAD (49548-D)**  
(Incorporated in Malaysia)

**1. Basis of preparation (continued)**

**Condensed Consolidated Statement of Comprehensive Income**

	Year-To-Date Ended 31.12.2017		
	Previously reported under FRS	Effects On Adoption of MFRS	Reported under MFRS
	RM'000	RM'000	RM'000
Cost of sales	(692,711)	(18,764)	(711,475)
Other operating income	43,285	3,785	47,070
Other operating expenses	(222,195)	(3,933)	(226,128)
Profit before tax	193,323	(20,740)	172,583
Income tax expense	(51,160)	(641)	(51,801)
<b>Profit for the quarter</b>	<b>142,163</b>	<b>(21,381)</b>	<b>120,782</b>
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences	(194,939)	7,160	(187,779)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of net defined benefit liabilities	(1,902)	-	(1,902)
<b>Total comprehensive loss for the quarter, net of tax</b>	<b>(54,678)</b>	<b>(14,221)</b>	<b>(68,899)</b>
Net profit attributable to:			
Equity holders of the parent	114,978	(18,304)	96,674
Non-controlling interests	27,185	(3,077)	24,108
	<b>142,163</b>	<b>(21,381)</b>	<b>120,782</b>
Total comprehensive loss attributable to:			
Equity holders of the parent	(75,642)	(11,255)	(86,897)
Non-controlling interests	20,964	(2,966)	17,998
	<b>(54,678)</b>	<b>(14,221)</b>	<b>(68,899)</b>

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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 :

<b>Title</b>	<b>Effective Date</b>
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- 2018 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015- 2018 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015- 2018 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015- 2018 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to <i>References to the Conceptual Framework in MFRS Standard</i>	1 January 2020
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

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable for the future financial years.

**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 31 December 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 31 December 2018.

**7. Dividends paid**

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

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

**Year-To-Date ended 31 December 2018**

	<b>Palm Product RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
External Revenue	769,461	136,813	-	906,274
Inter-Segment	32,282	-	(32,282)	-
<b>TOTAL REVENUE</b>	801,743	136,813	(32,282)	906,274
<b>SEGMENT RESULTS</b>	121,961	29,687		151,648
Unallocated corporate expenses				(24,065)
Loss on foreign exchange				(9,740)
Finance costs				(43,643)
Share of profit of an associate				2,124
Share of profit of joint ventures				5,005
Profit before taxation				81,329
Income taxes				(29,801)
Cumulative profit up to 31 December 2018				51,528
<b>OTHER INFORMATION</b>				
<b>SEGMENTS ASSETS</b>	2,230,773	746,986		2,977,759
Investment in joint ventures				69,182
Investment in associate				79,646
Unallocated assets				87,703
Consolidated total assets				3,214,290
<b>SEGMENT LIABILITIES</b>	22,607	81,360		103,967
Borrowings				1,455,755
Deferred tax liabilities				140,026
Unallocated liabilities				13,214
Consolidated total liabilities				1,712,962

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**8. Segmental information (continued)**

**ii) Geographical segments**

	<b>Total revenue from external customers RM'000</b>	<b>Segment Assets RM'000</b>
Malaysia	443,741	1,455,214
Indonesia	362,375	1,750,165
Europe	11,988	4,947
United States of America	64,977	2,841
Others	23,193	1,123
<b>Total</b>	<b>906,274</b>	<b>3,214,290</b>

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

- a) On 17 December 2018, TSH Sukuk Musyarakah Sdn Bhd and TSH Sabahan Oil Mill Sdn Bhd, wholly-owned subsidiaries of the Company, made applications to the Companies Commission of Malaysia (“CCM”) to strike-off their names from the Register of the CCM.
- b) On 18 December 2018, TSH Forestry (Sabah) Sdn Bhd, a wholly-owned subsidiary of the Company, made an application to the Companies Commission of Malaysia (“CCM”) to strike-off its name from the Register of the CCM

**10. Discontinued operation**

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

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**11. Commitments**

i. Capital commitments

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

	<b>As at 31.12.2018 RM'000</b>	<b>As at 31.12.2017 RM'000</b>
Approved and contracted for	10,811	4,686
Approved but not contracted for	25,678	11,692
	<u>36,489</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:

	<b>As at 31.12.2018 RM'000</b>	<b>As at 31.12.2017 RM'000</b>
Not later than 1 year	678	480
Later than 1 year and not later than 5 years	874	834
Later than 5 years	700	815
	<u>2,252</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:

	<b>As at 31.12.2018 RM'000</b>	<b>As at 31.12.2017 RM'000</b>
Not later than 1 year	676	571
Later than 1 year and not later than 5 years	840	625
	<u>1,516</u>	<u>1,196</u>

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

	<b>As at 31.12.2018 RM'000</b>	<b>As at 31.12.2017 RM'000</b>
Guarantee given to PT. Bank CIMB Niaga, TBK, to secure loan for Pembangunan Kebun Kelapa Sawit Plasma under Plasma Scheme	<u>52,005</u>	<u>57,734</u>

**13. Material related party transactions**

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

	<b>Year-To-Date ended 31 December 2018 RM'000</b>
Sales of crude palm oil	330,295
Sales of palm kernel	61,920

**14. Subsequent events**

On 18 February 2019, there was fire incident at Ekowood International Berhad's factory in Gopeng, Perak. The operational impact of the fire incident is not expected to be material to the Group as a whole.

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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 31 December 2018 (“Q4 2018”) and the year ended 31 December 2018 (“12M 2018”) were RM221.5 million and RM906.3 million respectively, compared to RM270.0 million and RM1,073.5 million for the preceding year corresponding periods. The decreases were attributable to the lower average Crude Palm Oil (“CPO”) prices.

Group core profit before taxation for Q4 2018 and 12M 2018 also declined to RM9.2 million and RM91.1 million respectively from RM43.4 million and RM156.1 million in the preceding year corresponding periods due to lower average CPO prices.

Profit before taxation for Q4 2018 and 12M 2018 reduced to RM11.5 million and RM81.3 million respectively from RM47.6 million and RM172.6 million registered for the corresponding periods in the preceding year mainly due to lower core profit.

**1.1 Palm Product**

This segment reported lower revenues of RM183.5 million and RM769.5 million for Q4 2018 and 12M 2018 respectively, compared to RM235.3 million and RM946.2 million for the corresponding periods in the preceding year due to lower CPO price. Q4 2018 reported lower segment profit of RM15.4 million compared to RM57.9 million for the corresponding period in the preceding year attributable to the lower average CPO price. Despite higher FFB production, the segment profit of RM122.0 million for 12M 2018 fell short of the RM195.9 million in the preceding year due to lower average CPO price.

Average CPO prices for Q4 2018 and 12M 2018 were RM1,780 per MT and RM2,086 per MT respectively, compared to RM2,619 per MT and RM2,701 per MT for the corresponding periods in the preceding year. As for FFB production, the Group achieved 205,875 MT and 857,802 MT in Q4 2018 and 12M 2018 respectively, representing increases of 19% and 21% respectively compared to 172,859 MT and 710,105 MT achieved in the corresponding periods in the preceding year.

**1.2 Others**

This segment reported higher revenues of RM37.9 million and RM136.8 million for the Q4 2018 and 12M 2018 respectively, compared to RM34.7 million and RM127.3 million for the corresponding periods in the preceding year. Higher revenue for current quarter was mainly due to higher revenues from cocoa products.

Operating profits for Q4 2018 and 12M 2018 of RM8.8 million and RM29.7 million respectively were higher compared to a loss of RM5.3million and a profit of RM6.4 million in the preceding year corresponding periods mainly due to higher sales of cocoa products and better cocoa product prices.

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

For Q4 2018, the Group revenue of RM221.5 million was lower compared to RM225.8 million registered in the immediate preceding quarter due to lower average CPO price and lower FFB crop.



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

The Group registered lower core profit before taxation of RM9.2 million for Q4 2018 against RM33.7 million for the preceding quarter as a result of a 18% decrease in FFB production from 250,204 MT to 205,875 MT and decline of CPO price from RM2,036 to RM1,780.

Profit before taxation for Q4 2018 of RM11.5 million was also lower mainly due to lower core operating profit.

**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. In addition, CPO prices have also started to edge up. Should the price recovery be sustained, the core earnings performance for 2019 is also expected to improve.

Nevertheless, 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 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:

	<b>Quarter Ended 31.12.2018 RM'000</b>	<b>Year-To-Date Ended 31.12.2018 RM'000</b>
Interest income	(1,442)	(8,195)
Interest expense	10,693	43,643
Dividend income	(10)	(169)
Rental income	(276)	(869)
Depreciation and amortization	18,297	81,498
Fair value (gain)/ loss on derivatives		
- Forward currency contracts	(738)	(311)
- Commodity future contracts	3,819	5,127
Net foreign exchange loss/ (gains)		
- Realised	16,410	15,754
- Unrealised	(17,938)	(5,703)
(Write back of impairment loss)/ impairment loss on trade and other receivables	(228)	94
Inventories write down	61	134
Net gain on disposal of property, plant and equipment	(141)	(643)
Write-off of property, plant and equipment	40	575

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**6. Income Tax Expense**

	<b>Quarter Ended 31.12.2018 <u>RM'000</u></b>	<b>Year-To-Date Ended 31.12.2018 <u>RM'000</u></b>
Current tax :		
Malaysian income tax	1,776	11,725
Foreign tax	4,814	22,863
Under/(over) provision in prior year		
Malaysia income tax	260	905
Foreign tax	-	(81)
Deferred tax:		
Relating to origination and reversal of temporary differences	(6,793)	(5,611)
	<u>57</u>	<u>29,801</u>

Excluding the results of the associate and joint ventures, the effective tax rate of the Group for the quarter is lower than the statutory rate mainly due to the recognition of deferred tax asset. However, the effective tax rate of the Group for the year is higher than the statutory rate mainly due to non-deductibility of certain expenses for taxation purpose.

**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:

	<b>As at 31.12.2018</b>					
	<b>Short term</b>		<b>Long term</b>		<b>Total</b>	
	<b>Foreign denomination RM'000</b>	<b>RM denomination RM'000</b>	<b>Foreign denomination RM'000</b>	<b>RM denomination RM'000</b>	<b>Foreign denomination RM'000</b>	<b>RM denomination RM'000</b>
Secured	23,989	-	89,338	-	113,327	-
Unsecured	241,771	397,358	28,952	674,347	270,723	1,071,705
<b>Total</b>	<b>265,760</b>	<b>397,358</b>	<b>118,290</b>	<b>674,347</b>	<b>384,050</b>	<b>1,071,705</b>

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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 31 December 2018, the values and maturity analysis of the outstanding derivatives are as follows:

	<b>Contract/notional amount RM'000</b>	<b>Assets /(Liabilities) RM'000</b>	<b>Maturity Profile</b>
<b>Group</b>			
<b>Non-hedging derivatives :</b>			
<b>Current</b>			
Forward currency contracts	35,095	687	Less than 1 year
Commodity futures contracts	29,878	(577)	Less than 1 year
	64,973	110	

**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**

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the financial year ended 31 December, 2018 of 1.00 sen per ordinary share will be proposed for shareholders' approval.

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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.

	<b>Quarter Ended</b>		<b>Year-To-Date Ended</b>	
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b> <b><u>(Restated)</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b> <b><u>(Restated)</u></b>
Net profit for the quarter (RM'000)	10,048	15,013	40,099	96,674
Weighted average number of ordinary shares in issue ('000)	1,381,799	1,381,799	1,381,799	1,364,418
Basic earnings per ordinary share (sen)	0.73	1.09	2.90	7.09

**(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 27 February 2019.