

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter and Year-To-Date Ended 30 September 2020**

	30.09.2020 RM'000	Quarter Ended 30.09.2019 RM'000	Changes %	Year-To-Date Ended 30.09.2020 RM'000	YTD 30.09.2019 RM'000	Changes %
CONTINUING OPERATIONS						
Revenue	194,170	181,115	7%	586,426	523,758	12%
Cost of sales	(131,180)	(123,944)	6%	(395,596)	(364,127)	9%
Gross profit	62,990	57,171	10%	190,830	159,631	20%
Other operating income	4,561	12,890	-65%	34,338	54,365	-37%
Other operating expenses	(37,535)	(48,594)	-23%	(130,693)	(154,050)	-15%
Operating profit	30,016	21,467	40%	94,475	59,946	58%
Finance costs	(9,554)	(10,876)	-12%	(32,137)	(32,948)	-2%
Share of profit/ (loss) of an associate, net of tax	2,276	1,033	120%	6,176	(133)	nm
Share of profit of joint ventures, net of tax	3,456	6,788	-49%	13,793	18,519	-26%
Core profit before taxation	26,194	18,412	42%	82,307	45,384	81%
Gain/ (Loss) on foreign exchange	8,687	(5,328)	nm	(10,876)	(4,701)	131%
Profit before taxation	34,881	13,084	167%	71,431	40,683	76%
Taxation	(6,389)	(7,036)	-9%	(23,230)	(14,776)	57%
Profit for the period from continuing operations	28,492	6,048	371%	48,201	25,907	86%
DISCONTINUED OPERATIONS						
(Loss)/ Profit for the period from discontinued operations	(1,454)	1,721	nm	8,084	1,105	632%
Profit for the period	27,038	7,769	248%	56,285	27,012	108%
Other comprehensive (loss)/ income						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	(124,860)	10,404	nm	(93,560)	41,490	nm
Other comprehensive (loss)/ income for the period, net of tax	(124,860)	10,404	nm	(93,560)	41,490	nm
Total comprehensive (loss)/ income for the period	(97,822)	18,173	nm	(37,275)	68,502	nm
Profit attributable to :						
Owners of the Company	24,068	6,033	299%	46,140	25,626	80%
Non-controlling interests	2,970	1,736	71%	10,145	1,386	632%
	27,038	7,769	248%	56,285	27,012	108%
Total comprehensive (loss)/ income attributable to :						
Owners of the Company	(95,778)	15,932	nm	(40,573)	64,134	nm
Non-controlling interests	(2,044)	2,241	nm	3,298	4,368	-24%
	(97,822)	18,173	nm	(37,275)	68,502	nm
Total comprehensive (loss)/ income attributable to owners arises:						
- From continuing operations	(86,288)	12,908	nm	(40,173)	58,204	nm
- From discontinued operations	(9,490)	3,024	nm	(400)	5,930	nm
Total	(95,778)	15,932	nm	(40,573)	64,134	nm
Earnings per share attributable to owners of the Company						
Basic (sen)						
- From continuing operations	1.82	0.31		2.78	1.75	
- From discontinued operations	(0.08)	0.13		0.56	0.11	
Total	1.74	0.44		3.34	1.86	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019

*nm = not meaningful

Condensed Consolidated Statement of Financial Position
As at 30 September 2020

	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,284,301	1,755,382
Biological assets	404,931	402,716
Right-of-use assets	408,201	433,736
Intangible assets	53,512	56,880
Investment in an associate	84,567	80,492
Investments in joint ventures	67,204	78,412
Deferred tax assets	4,208	13,838
Other receivables	30,862	59,914
Investment securities	50	50
	<u>2,337,836</u>	<u>2,881,420</u>
Current assets		
Biological assets	9,549	9,304
Inventories	129,885	172,366
Trade and other receivables	70,013	56,810
Other current assets	3,425	5,870
Tax recoverable	3,619	13,338
Investment securities	6	6
Derivative assets	1,094	166
Short term funds	8,572	-
Cash and bank balances	130,679	125,854
	<u>356,842</u>	<u>383,714</u>
Assets of disposal companies classified as held for sale	447,493	-
TOTAL ASSETS	<u><u>3,142,171</u></u>	<u><u>3,265,134</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	740,512	740,512
Treasury shares	(1,467)	(1,467)
Other reserves	(276,808)	(190,095)
Retained earnings	922,370	890,032
	<u>1,384,607</u>	<u>1,438,982</u>
Non-controlling interests	139,036	135,738
Total equity	<u><u>1,523,643</u></u>	<u><u>1,574,720</u></u>
Non-current liabilities		
Borrowings	779,743	896,149
Retirement benefits	12,878	18,140
Lease liabilities	4,682	2,038
Deferred tax liabilities	129,801	131,669
	<u>927,104</u>	<u>1,047,996</u>
Current liabilities		
Borrowings	579,281	535,648
Trade and other payables	85,992	99,297
Derivative liabilities	446	5,295
Lease liabilities	523	892
Current tax payable	8,632	1,286
	<u>674,874</u>	<u>642,418</u>
Liabilities of disposal companies classified as held for sale	16,550	-
Total liabilities	<u><u>1,618,528</u></u>	<u><u>1,690,414</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,142,171</u></u>	<u><u>3,265,134</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 2019

**Condensed Consolidated Statement of Changes In Equity
For The Year- To-Date Ended 30 September 2020**

	←----- Attributable to owners of the Company ----->								
	←----- Non-distributable ----->				-----> Distributable				
	Share Capital RM'000	Treasury Shares 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 Company Total RM'000	Non-controlling Interests RM'000	Equity Total RM'000
Balance as at 1 January 2020	740,512	(1,467)	9,630	100	(199,825)	890,032	1,438,982	135,738	1,574,720
Profit for the period	-	-	-	-	-	46,140	46,140	10,145	56,285
Other comprehensive income/ (Loss)									
Foreign currency translation loss	-	-	-	-	(86,713)	-	(86,713)	(6,847)	(93,560)
Other comprehensive income/(Loss) for the period, net of tax	-	-	-	-	(86,713)	-	(86,713)	(6,847)	(93,560)
Total comprehensive income/ (Loss) for the period	-	-	-	-	(86,713)	46,140	(40,573)	3,298	(37,275)
Dividends paid	-	-	-	-	-	(13,802)	(13,802)	-	(13,802)
Balance as at 30 September 2020	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>(286,538)</u>	<u>922,370</u>	<u>1,384,607</u>	<u>139,036</u>	<u>1,523,643</u>
Balance as at 1 January 2019	740,512	(8)	9,630	99	(237,312)	860,195	1,373,116	131,517	1,504,633
- prior year adjustment	-	-	-	-	-	(166)	(166)	-	(166)
- as restated	740,512	(8)	9,630	99	(237,312)	860,029	1,372,950	131,517	1,504,467
Profit for the period	-	-	-	-	-	25,626	25,626	1,386	27,012
Other comprehensive income									
Foreign currency translation	-	-	-	-	38,722	(214)	38,508	2,982	41,490
Other comprehensive income for the period, net of tax	-	-	-	-	38,722	(214)	38,508	2,982	41,490
Total comprehensive income for the period	-	-	-	-	38,722	25,413	64,134	4,368	68,502
Purchase of treasury shares	-	(1,459)	-	-	-	-	(1,459)	-	(1,459)
Dividends paid	-	-	-	-	-	(13,818)	(13,818)	-	(13,818)
Balance as at 30 September 2019	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>99</u>	<u>(198,590)</u>	<u>871,623</u>	<u>1,421,807</u>	<u>135,885</u>	<u>1,557,692</u>

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 2019

Condensed Consolidated Statement of Cash Flows
For The Year- To-Date Ended 30 September 2020

	Year-To-Date Ended	
	30.09.2020 RM'000	30.09.2019 RM'000
Cash Flows from Operating Activities		
Profit before taxation		
- From continuing operations	71,431	40,683
- From discontinued operations	10,408	1,065
	81,839	41,748
Adjustments for :-		
Depreciation and amortisation	80,120	74,544
Fair value gain of the commodity futures contract	(3,341)	(802)
Net unrealised foreign exchange loss	8,090	4,674
Gain on disposal of property, plant and equipment	(285)	(987)
(Write back of impairment)/ Impairment loss on trade and other receivables	(3,785)	2,109
Write back of impairment loss on property, plant and equipment	-	(148)
Property, plant and equipment written off	2,033	4,913
Inventories written down	1,540	4,027
Inventories written off	11,352	16,111
Impairment loss/ (Writeback of impairment) on investment securities	1	(4)
Gain from changes fair value adjustment of biological assets	(4,319)	(3,246)
Share of profit of joint ventures	(13,793)	(18,519)
Share of (profit)/ loss of an associate	(6,176)	133
Interest expense	37,521	40,199
Interest income	(10,275)	(9,058)
Dividend income	-	(9)
	180,522	155,685
Operating profit before working capital changes		
Changes in working capital		
Decrease/ (increase) in inventories	13,506	(2,985)
Increase in receivables	(11,780)	(33,790)
Decrease in payables	(3,574)	(789)
	178,674	118,121
Cash generated from operations		
Income tax paid	(9,899)	(23,829)
	168,775	94,292
Net cash generated from operating activities		
Cash Flows from Investing Activities		
Addition of right of use assets	(1,973)	(9)
Placement of short term investment	(8,572)	-
Withdrawals of deposits with maturity of over 3 months	-	833
Withdrawal of pledged deposits	1,171	-
Purchase of property, plant and equipment	(39,498)	(58,168)
Forest planting expenditure	(3,026)	(3,444)
Proceeds from disposal of property, plant and equipment	327	1,177
Interest received	10,275	9,058
Dividends received	27,101	5,060
	(14,195)	(45,493)
Net cash used in investing activities		
Cash Flows from Financing Activities		
Purchase of treasury shares	-	(1,459)
Net (repayments)/ drawdowns of term loans/medium term notes	(85,339)	14,175
Net drawdowns/ (repayments) in other borrowings	8,296	(7,157)
Payments of lease liabilities	(800)	(962)
Interest paid	(37,344)	(40,199)
Dividends paid	(13,802)	(13,818)
	(128,989)	(49,420)
Net cash used in financing activities		
Net increase/ (decrease) in cash and cash equivalents	25,591	(620)
Cash and cash equivalents at beginning of period	116,954	99,843
Effect of exchange rate changes	(3,288)	1,729
Cash and cash equivalents at end of period	139,257	100,951

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020

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 2019.

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 2019.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2019 except for the adoption of the following Amendments to MFRSs during the current financial period.

Title	Effective Date
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 16 <i>Leases – COVID-19 – Related Rent Concessions</i>	1 June 2020
Amendments to Insurance Contracts – <i>Extension of the temporary Exemption from applying MFRS 4</i>	17 August 2020

The adoption of the above standards did not give rise to significant effects on the financial statements of the Group.

As at the date of authorisation of these interim financial statements, the new and revised MFRSs and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group are :

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - <i>Interest Rate Benchmark Reform Phase 2</i>	1 January 2021
Amendments to MFRS 3 <i>Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipments – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

1. Basis of preparation (continued)

Annual Improvements to MFRS Standards 2011 – 2020	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
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 will apply the above MFRSs, Amendments to MFRSs that are applicable when they become effective.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2019 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.

4. Unusual items

Apart from those disclosed in note 9 of Part A, there are no unusual items effecting assets, liabilities, equity, net income and cash flows for the current quarter ended 30 September 2020.

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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and year-to-date ended 30 September 2020.

7. Dividends paid

During the quarter ended 30 September 2020, a final single tier dividend of 1.00 sen per ordinary share for the year ended 31 December 2019 amounted to RM13,802,235 was paid on 28 August, 2020.

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)

(Incorporated in Malaysia)

8. Segmental information

i) Business segments

Business Segment For Year-To-Date Ended

	Palm Products		Others		Total	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
SEGMENT REVENUE						
External Revenue	493,609	437,978	92,817	85,780	586,426	523,758
Discontinued operations	98,488	73,698	-	-	98,488	73,698
Inter-Segment	16,346	20,896	-	-	16,346	20,896
SEGMENT PROFIT						
Continuing operations	91,045	48,986	14,378	25,519	105,423	74,505
Discontinued operations					15,724	8,310
					121,147	82,815
Unallocated corporate expenses					(10,948)	(14,559)
Loss on foreign exchange					(10,876)	(4,701)
Finance costs					(32,137)	(32,948)
Profit on discontinued operations					(15,724)	(8,310)
Share of profit of an associate					6,176	(133)
Share of profit of joint ventures					13,793	18,519
Consolidated profit before tax from continuing operations					71,431	40,683

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)

(Incorporated in Malaysia)

8. Segmental information (continued)
i) Business segments (cont'd)
Business Segment For Year-To-Date Ended

	Palm Products		Others		Total	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
OTHER INFORMATION						
SEGMENTS ASSETS	1,703,210	2,260,529	717,452	767,765	2,420,662	3,028,294
Investments in joint ventures					67,204	83,700
Investment in an associate					84,557	78,404
Deferred tax assets					4,536	19,018
Tax recoverable					3,619	1,118
Unallocated assets					114,100	69,643
Assets of disposal companies classified as held held sale					447,493	-
Consolidated total assets					3,142,171	3,280,177
SEGMENT LIABILITIES	63,268	23,538	35,863	80,126	99,131	103,664
Borrowings					1,359,024	1,469,931
Lease Liabilities					5,205	1,601
Deferred tax liabilities					129,801	134,881
Unallocated liabilities					8,817	12,408
Liabilities of disposal companies classified as held for sale					16,550	-
Consolidated total liabilities					1,618,528	1,722,485

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)

(Incorporated in Malaysia)

8. Segmental information (continued)
i) Business segments (cont'd)
Business Segment For Quarter Ended

	Palm Products		Others		Total	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
SEGMENT REVENUE						
External Revenue	165,490	151,176	28,680	29,939	194,170	181,115
Discontinued operations	22,790	22,690	-	-	22,790	22,690
Inter-Segment	5,450	9,188	-	-	5,450	9,188
SEGMENT PROFIT/ (LOSS)						
Continuing operations	32,465	21,236	35	6,488	32,500	27,723
Discontinued operations					(909)	4,296
					31,591	32,019
Unallocated corporate expenses					(2,484)	(6,256)
Gains/ (loss) on foreign exchange					8,687	(5,328)
Finance costs					(9,554)	(10,876)
Loss/ (Profit) on discontinued operations					909	(4,296)
Share of profit of an associate					2,276	1,033
Share of profit of joint ventures					3,456	6,788
Consolidated profit before tax from continuing operations					34,881	13,084

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)

(Incorporated in Malaysia)

8. Segmental information (continued)

ii) Geographical segments

Continuing Operations

	Quarter Ended Q3 2020		Year-To-Date Ended			
	Total revenue from external customers		Total revenue from external customers		Segment Assets	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	73,213	56,995	177,509	195,273	1,455,426	1,449,368
Indonesia	102,993	102,279	345,417	270,720	1,231,517	1,823,073
Europe	2,611	2,372	3,808	3,865	6,798	4,768
United States of America	10,061	15,806	45,896	45,759	286	2,130
Others	5,292	3,663	13,796	8,141	651	838
Total	194,170	181,115	586,426	523,758	2,694,678	3,280,177

TSH RESOURCES BERHAD

 Registration No : 197901005269 (49548-D)
 (Incorporated in Malaysia)

9. Changes in composition of the Group

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

However, on 26 August 2020, the Group announced that it had entered into a conditional sale and purchase agreement with Taiko Plantations Pte Ltd to dispose the 90% of equity interest in PT Farinda Bersaudara and PT Teguh Swakarsa Sejahtera (“Disposal Companies”) for a total consideration of approximately USD141.093 million subject to adjustments (hereafter collectively referred to as “Proposed Disposal”). The Proposed Disposal is expected to be completed by the 1st quarter of 2021. Upon completion of the Proposed Disposal, the Disposal Companies shall cease to be indirect subsidiaries of TSH and the results of these companies shall not be consolidated with the TSH Group.

10. Discontinued operations

The following notes are prepared in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations arising from sale of Disposal Companies to Taiko Plantations Pte Ltd.

 (i) Analysis of profit for the period from discontinued operations

The results of the discontinued operations included in the Income Statement for the financial period are set out below.

	Quarter Ended		Year-To-Date Ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Revenue	22,790	22,690	98,488	73,698
Expenses	<u>(25,279)</u>	<u>(20,733)</u>	<u>(88,080)</u>	<u>(72,633)</u>
Profit before taxation	(2,489)	1,957	10,408	1,065
Taxation	<u>1,035</u>	<u>(236)</u>	<u>(2,324)</u>	<u>40</u>
Profit for the period	<u>(1,454)</u>	<u>1,721</u>	<u>8,084</u>	<u>1,105</u>
Profit attributable to :				
Owners of the Company	(1,120)	1,740	7,741	1,577
Non-controlling interests	<u>(334)</u>	<u>(19)</u>	<u>343</u>	<u>(472)</u>
	<u>(1,454)</u>	<u>1,721</u>	<u>8,084</u>	<u>1,105</u>

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

10. Discontinued operations (continued)

- (ii) The major classes of assets and liabilities of the Disposal Companies at the end of the reporting period are as follows :

	As at 30.09.2020 RM'000
ASSETS	
Non-current assets	
Property, plant and equipment	361,940
Right-of-use assets	12,908
Intangible assets	1,631
Deferred tax assets	8,477
Other receivables	<u>27,222</u>
	<u>412,178</u>
Current assets	
Biological assets	3,463
Inventories	14,484
Trade and other receivables	266
Other current assets	419
Tax recoverable	1,270
Cash and bank balances	<u>15,413</u>
	<u>35,315</u>
Assets of the Disposal Companies classified as held-for-sale	<u>447,493</u>
Non-current liabilities	
Retirement benefits	<u>5,385</u>
	<u>5,385</u>
Current liabilities	
Trade and other payables	10,629
Derivative liabilities	31
Current tax payable	<u>505</u>
	<u>11,165</u>
Liabilities of the Disposal Companies associated with assets classified as held-for sale	<u>16,550</u>
Net assets of the Disposal Companies classified as held-for sale	<u>430,943</u>

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

10. Discontinued operations (continued)

(iii) Cash flows from discontinued operations

	Year-To- Date Ended 30.09.2020 RM'000	Year-To- Date Ended 30.09.2019 RM'000
Net cash inflows from operating activities	46,910	31,770
Net cash outflows from investing activities	(2,753)	(6,466)
Net cash outflows from financing activities	(54,112)	(19,049)
Net cash inflows/ (outflows)	<u>(9,955)</u>	<u>6,255</u>

11. Capital commitments

The amount of commitments for capital expenditure as at 30 September 2020 is as follows:

	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
Approved and contracted for	26,065	8,905
Approved but not contracted for	29,733	42,484
	<u>55,798</u>	<u>51,389</u>

12. Changes in contingent liabilities or contingent assets

As at the date of issue of this interim financial report, there were no contingent liabilities and contingent assets that had arisen as at 30 September 2020.

13. Material related party transactions

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

	Year-To-Date ended 30 September 2020 RM'000
Sales of crude palm oil	185,937
Sales of palm kernel	27,489

14. Subsequent events

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

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

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

1. Performance review

Continuing operations

The Group's revenue for the quarter ended 30 September 2020 ("Q3 2020") and the nine months ended 30 September 2020 ("9M 2020") were RM194.2 million and RM586.4 million respectively, compared to RM181.1 million and RM523.8 million for the corresponding periods prior year. The higher revenues were mainly attributable to higher average Crude Palm Oil ("CPO") and Palm Kernel ("PK") selling prices.

The Group's core profits before taxation for Q3 2020 and 9M 2020 increased to RM26.2 million and RM82.3 million respectively from RM18.4 million and RM45.4 million which represent increase of 42.4% and 81.3% against the corresponding periods prior year mainly due to higher average CPO and PK prices in the palm products segment. In line with the improvement in core profit before tax, net cash from operating activities for 9M 2020 improved significantly to RM168.8 million from RM94.3 million in the corresponding period prior year.

Profit before taxation for Q3 2020 and 9M 2020 also increased to RM34.9 million and RM71.4 million respectively from RM13.1 million and RM40.7 million in the corresponding periods prior year mainly due to the higher core profit. Higher profit before taxation for Q3 2020 was also due to a foreign exchange gain during the period compared to a foreign exchange loss in the corresponding period prior year.

1.1 Palm Products Segment

This segment reported higher revenue of RM165.5 million and RM493.6 million for the Q3 2020 and 9M 2020 respectively, compared to RM151.2 million and RM438.0 million for the corresponding periods prior year mainly due to higher CPO and PK prices. Accordingly, segment profits for Q3 2020 and 9M 2020 were also higher at RM32.5 million and RM91.0 million respectively compared to RM21.2 million and RM49.0 million which represent increase of 53.3% and 85.7% against the corresponding periods prior year.

Average CPO prices for Q3 2020 and 9M 2020 were RM2,404 per MT and RM2,377 per MT respectively, compared to RM1,920 per MT and RM1,926 per MT for the corresponding periods prior year. As for FFB production, the Group achieved 177,476 MT and 504,532 MT in Q3 2020 and 9M 2020 respectively compared to 188,991 MT and 501,572 MT in the corresponding periods prior year. The decline in FFB production in Q3 2020 was primarily due to the lagged impact of the drought in Indonesia in Q3 2019. We anticipate the production to normalise in Q4 2020.

1.2 Others Segment

This segment reported lower revenue of RM28.7 million for Q3 2020 compared to RM29.9 million for the corresponding period prior year mainly due to lower contribution from the Bio-Integration division and Cocoa division as a result lower sale of electricity and lower cocoa revenue respectively.

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

1. Performance Review (continued)

1.2 Others Segment (cont'd)

For 9M 2020, Other Segment registered higher revenue of RM92.8 million compared to RM85.8 million in the corresponding period prior year due to higher revenue from Wood division

The operating profits for Q3 2020 and 9M 2020 of RM0.04 million and RM14.4 million respectively were lower compared to RM6.5 million and RM25.5 million in the corresponding periods prior year were mainly due to lower profit contribution from bio-integration division as its production was impacted by lower supplies of raw material coupled with lower cocoa sales in cocoa division.

Discontinued operations

The discontinued operations reported higher revenue of RM22.8 million and RM98.5 million for the Q3 2020 and 9M 2020 respectively, compared to RM22.7 million and RM73.7 million for the corresponding periods in prior year mainly due to higher CPO and PK prices.

However, loss before taxation of RM2.5 million was registered for Q3 2020 compared to a profit before tax of RM2.0 million in the corresponding period prior year primarily due to a loss on commodity futures contract. Nevertheless, the profit before taxation for 9M 2020 increased to RM10.4 million compared to RM1.1 million in the corresponding period prior year in line with the higher CPO and PK prices.

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

Continuing operations

For Q3 2020, the Group registered a higher revenue of RM194.2 million compared to the revenue for immediate preceding quarter of RM183.1 million mainly due to higher CPO and PK prices. Consequently, the Group registered a higher core profit before taxation of RM26.2 million for Q3 2020 against RM24.6 million for the preceding quarter.

In line with the higher core profit and a higher gain on foreign exchange, profit before taxation for Q3 2020 of RM34.9 million was higher compared to RM31.1 million in Q2 2020.

Discontinued operations

For Q3 2020, the discontinued operations registered revenue of RM22.8 million which was lower compared with the revenue for the immediate preceding quarter of RM27.5 million mainly due to lower CPO sold in Q3 2020.

The discontinued operations registered a lower loss before taxation of RM2.5 million for Q3 2020 against RM3.1 million loss for the preceding quarter mainly due to higher fair value gain on biological assets and lower other operating expenses.

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

3. Commentary on the prospects

Palm oil prices have seen good support since recovering from the low in May 2020 of approximately RM2,000 per MT to current levels of over RM3,000 per MT. This is primarily attributable to the increase in demand and weak output resulting in lower palm stockpile in both Malaysia and Indonesia as well as increase in soybean oil price. Despite the increase in CPO price in recent months, we remain cautious amidst the the uncertainty caused by COVID-19 pandemic and it consequential impact on demand.

The Board remains optimistic on the long term prospect of the palm oil industry. Global population and per capita income growth as well as the many health qualities of palm oil are expected to drive greater demand for palm products. This augurs well for the Group as palm products segment which accounts for approximately 86% of the revenue 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. Profit Before Tax

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

	Quarter Ended 30.09.2020 <u>RM'000</u>	Year-To- Date Ended 30.09.2020 <u>RM'000</u>
Insurance claim	(56)	(13,263)
Interest income	(2,940)	(10,275)
Interest expense	11,149	37,521
Rental Income	(296)	(945)
Depreciation and amortization	28,152	80,120
Fair value loss/ (gain) on derivatives		
- Forward currency contracts	341	(806)
- Commodity futures contracts	531	(3,341)
Fair value gain on biological assets	(7,550)	(4,319)
Inventories written off	634	11,352
Loss on commodity futures contracts	8,999	511
Net foreign exchange loss/ (gain)		
- Realised	30	2,718
- Unrealised	(9,074)	8,896
Property, plant and equipment written off	5	2,033
Write back of impairment on trade and other receivables	(3,512)	(3,785)

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

6. Taxation
Continuing Operations

	Quarter Ended 30.09.2020 <u>RM'000</u>	Year-To-Date Ended 30.09.2020 <u>RM'000</u>
Current tax:		
Malaysian income tax	1,722	8,303
Foreign tax on continuing operations	4,632	16,922
Under/ (Over) provision in prior years		
Malaysia income tax	4	4
Deferred tax:		
Relating to origination/ (reversal) of temporary differences	31	(1,958)
Overprovided in prior year	-	(41)
	<u>6,389</u>	<u>23,230</u>

The effective tax rate of the Group for the year-to-date ended 30 September 2020 is higher than the statutory rate mainly due to deferred tax assets not recognised for certain subsidiaries coupled with non-deductibility of certain expenses for taxation purpose.

7. Corporate proposals

Apart from those disclosed in Note 9 of Part A, there was no corporate proposal announced and not completed at the date of this quarterly report.

8. Group Borrowings and Debt Securities

Continuing Operations

Comprised:

	As at 30.09.2020					
	Short term		Long term		Total	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured	40,932	19,280	241,019	16,032	281,951	35,312
Unsecured	150,615	368,454	23,634	499,058	174,249	867,512
Total	191,547	387,734	264,653	515,090	456,200	902,824

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

9. Derivatives

Continuing Operations

The forward currency 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 futures 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 2020, the values and maturity analysis of the outstanding derivatives were as follows:-

	Contract/notional amount RM'000	Assets RM'000	Maturity Profile
Group			
Non-hedging derivatives :			
Current			
Forward currency contracts	18,352	214	Less than 1 year
Commodity futures contracts	42,565	433	Less than 1 year
	60,917	647	

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, 2020.

TSH RESOURCES BERHAD

Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

12. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to ordinary shareholders of owners of the Company 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>30.09.2020</u>	<u>30.09.2019</u>	<u>30.09.2020</u>	<u>30.09.2019</u>
Net profit/ (loss) (RM'000)				
From continuing operations	25,187	4,293	38,399	24,049
From discontinued operations	(1,119)	1,740	7,741	1,577
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,706	1,380,174	1,381,413
Basic earnings per ordinary share (sen)				
From continuing operations	1.82	0.31	2.78	1.75
From discontinued operations	(0.08)	0.13	0.56	0.11
Total	<u>1.74</u>	<u>0.44</u>	<u>3.34</u>	<u>1.86</u>

(b) Diluted earnings per share

This is not applicable as there are no dilutive securities currently issued by the Company.

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 18 November 2020.