

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter and Year-To-Date Ended 31 December 2020**

	31.12.2020 RM'000	Quarter Ended 31.12.2019 RM'000	Changes %	Year-To-Date Ended 31.12.2020 RM'000	YTD 31.12.2019 RM'000	Changes %
CONTINUING OPERATIONS						
Revenue	195,241	195,055	0%	781,667	718,813	9%
Cost of sales	<u>(125,436)</u>	<u>(141,657)</u>	-11%	<u>(521,033)</u>	<u>(505,784)</u>	3%
Gross profit	69,805	53,398	31%	260,634	213,029	22%
Other operating income	3,430	9,213	-63%	37,768	63,578	-41%
Other operating expenses	<u>(51,737)</u>	<u>(39,767)</u>	30%	<u>(182,430)</u>	<u>(193,819)</u>	-6%
Operating profit	21,498	22,844	-6%	115,972	82,788	40%
Finance costs	(9,744)	(11,633)	-16%	(41,880)	(44,581)	-6%
Share of profit of an associate, net of tax	2,157	2,086	3%	8,332	1,953	327%
Share of profit / (loss) of joint ventures, net of tax	<u>9,842</u>	<u>(1,289)</u>	nm	<u>23,635</u>	<u>17,231</u>	37%
Core profit before taxation	23,753	12,008	98%	106,059	57,391	85%
Gain on foreign exchange	12,467	9,643	29%	1,591	4,942	-68%
Profit before taxation	<u>36,220</u>	<u>21,651</u>	67%	<u>107,650</u>	<u>62,333</u>	73%
Taxation	<u>(11,564)</u>	<u>(6,030)</u>	92%	<u>(34,794)</u>	<u>(20,804)</u>	67%
Profit for the period from continuing operations	<u>24,656</u>	<u>15,621</u>	58%	<u>72,856</u>	<u>41,529</u>	75%
DISCONTINUED OPERATIONS						
Profit for the period from discontinued operations	<u>9,529</u>	<u>2,991</u>	219%	<u>17,614</u>	<u>4,096</u>	330%
Profit for the period	<u>34,185</u>	<u>18,612</u>	84%	<u>90,470</u>	<u>45,625</u>	98%
Other comprehensive income/ (loss)						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	43,515	(1,128)	nm	(50,045)	40,363	nm
<i>Item that will not be reclassified subsequently to profit or loss:</i>						
Remeasurements of net defined benefit liabilities	(3,370)	(432)	680%	(3,370)	(432)	680%
Share of other comprehensive income of an associate	<u>-</u>	<u>1</u>	-100%	<u>-</u>	<u>1</u>	-
Other comprehensive income/ (loss) for the period, net of tax	<u>40,145</u>	<u>(1,559)</u>	nm	<u>(53,415)</u>	<u>39,932</u>	nm
Total comprehensive income/ (loss) for the period	<u>74,330</u>	<u>17,053</u>	336%	<u>37,055</u>	<u>85,557</u>	nm
Profit attributable to :						
Owners of the Company	32,954	18,652	77%	79,094	44,280	79%
Non-controlling interests	<u>1,231</u>	<u>(40)</u>	nm	<u>11,376</u>	<u>1,345</u>	746%
	<u>34,185</u>	<u>18,612</u>	84%	<u>90,470</u>	<u>45,625</u>	98%
Total comprehensive income/ (loss) attributable to :						
Owners of the Company	68,483	17,200	298%	27,910	81,336	-66%
Non-controlling interests	<u>5,847</u>	<u>(147)</u>	nm	<u>9,145</u>	<u>4,221</u>	117%
	<u>74,330</u>	<u>17,053</u>	336%	<u>37,055</u>	<u>85,557</u>	-57%
Total comprehensive income attributable to owners arises:						
- From continuing operations	55,606	14,455	285%	15,432	73,731	-79%
- From discontinued operations	<u>12,877</u>	<u>2,745</u>	369%	<u>12,478</u>	<u>7,605</u>	64%
Total	<u>68,483</u>	<u>17,200</u>	298%	<u>27,910</u>	<u>81,336</u>	-66%
Earnings per share attributable to owners of the Company						
Basic (sen)						
- From continuing operations	1.74	1.13		4.52	2.88	
- From discontinued operations	<u>0.65</u>	<u>0.22</u>		<u>1.21</u>	<u>0.33</u>	
Total	<u>2.39</u>	<u>1.35</u>		<u>5.73</u>	<u>3.21</u>	

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 31 December 2020

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,301,637	1,755,382
Biological assets	407,746	402,716
Right-of-use assets	409,189	433,736
Intangible assets	54,231	56,880
Investment in an associate	84,097	80,492
Investments in joint ventures	73,046	78,412
Deferred tax assets	2,402	13,838
Other receivables	30,604	59,914
Investment securities	50	50
	<u>2,363,002</u>	<u>2,881,420</u>
Current assets		
Biological assets	9,252	9,304
Inventories	113,628	172,366
Trade and other receivables	68,215	56,810
Other current assets	4,342	5,870
Tax recoverable	3,744	13,338
Investment securities	5	6
Derivative assets	208	166
Short term funds	15,302	-
Cash and bank balances	147,842	125,854
	<u>362,538</u>	<u>383,714</u>
Assets of disposal companies classified as held for sale	440,454	-
TOTAL ASSETS	<u><u>3,165,994</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	(237,909)	(190,095)
Retained earnings	951,954	890,032
	<u>1,453,090</u>	<u>1,438,982</u>
Non-controlling interests	144,883	135,738
Total equity	<u>1,597,973</u>	<u>1,574,720</u>
Non-current liabilities		
Borrowings	618,984	896,149
Retirement benefits	16,398	18,140
Lease liabilities	4,753	2,038
Deferred tax liabilities	133,580	131,669
	<u>773,715</u>	<u>1,047,996</u>
Current liabilities		
Borrowings	690,211	535,648
Trade and other payables	75,022	99,297
Derivative liabilities	3,360	5,295
Lease liabilities	167	892
Current tax payable	7,566	1,286
	<u>776,326</u>	<u>642,418</u>
Liabilities of disposal companies classified as held for sale	17,980	-
Total liabilities	<u>1,568,021</u>	<u>1,690,414</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,165,994</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 31 December 2020**

	←← Attributable to owners of the Company →→								
	← Non-distributable →				Distributable →				
	Equity attributable to owners of the								
	Share Capital	Treasury Shares	Capital Reserves	Share Of Associate Reserves	Foreign Currency Translation Reserves	Retained Earnings	Company Total	Non-controlling Interests	Equity Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	79,094	79,094	11,376	90,470
Other comprehensive income/ (Loss)									
Foreign currency translation loss	-	-	-	-	(47,814)	-	(47,814)	(2,231)	(50,045)
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(3,370)	(3,370)	-	(3,370)
Other comprehensive income/ (Loss) for the period, net of tax	-	-	-	-	(47,814)	(3,370)	(51,184)	(2,231)	(53,415)
Total comprehensive income/ (Loss) for the period	-	-	-	-	(47,814)	75,724	27,910	9,145	37,055
Dividends paid	-	-	-	-	-	(13,802)	(13,802)	-	(13,802)
Balance as at 31 December 2020	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>(247,639)</u>	<u>951,954</u>	<u>1,453,090</u>	<u>144,883</u>	<u>1,597,973</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	-	-	-	-	-	(193)	(193)	-	(193)
- as restated	740,512	(8)	9,630	99	(237,312)	860,002	1,372,923	131,517	1,504,440
Profit for the period	-	-	-	-	-	44,280	44,280	1,345	45,625
Other comprehensive income									
Foreign currency translation	-	-	-	-	37,487	-	37,487	2,876	40,363
Remeasurements of net defined benefit liabilities	-	-	-	-	-	(432)	(432)	-	(432)
Share of other comprehensive income of associate	-	-	-	1	-	-	1	-	1
Other comprehensive income for the period, net of tax	-	-	-	1	37,487	(432)	37,056	2,876	39,932
Total comprehensive income for the period	-	-	-	1	37,487	43,848	81,336	4,221	85,557
Purchase of treasury shares	-	(1,459)	-	-	-	-	(1,459)	-	(1,459)
Dividends paid	-	-	-	-	-	(13,818)	(13,818)	-	(13,818)
Balance as at 31 December 2019	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>(199,825)</u>	<u>890,032</u>	<u>1,438,982</u>	<u>135,738</u>	<u>1,574,720</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 31 December 2020

	Year-To-Date Ended	
	31.12.2020 RM'000	31.12.2019 RM'000
Cash Flows from Operating Activities		
Profit before taxation		
- From continuing operations	107,650	62,333
- From discontinued operations	22,454	11,673
	130,104	74,006
Adjustments for :-		
Depreciation and amortisation	105,622	99,160
Fair value loss on commodity futures contract	1,600	3,960
Net unrealised foreign exchange gain	(5,313)	(4,415)
Gain on disposal of property, plant and equipment	(369)	(1,449)
Impairment loss/ (Write back of impairment) on trade and other receivables	1,062	(35)
Write back of impairment loss on property, plant and equipment	-	(148)
Property, plant and equipment written off	2,816	5,259
Inventories written down	2,874	2,329
Inventories written off	11,691	18,564
Changes in fair value of financial guarantee contracts	(81)	12
Fair value loss on investment securities	2	2
Gain from fair value adjustment of fresh fruit bunches (FFB)	(3,581)	(4,769)
(Gain)/ Loss from fair value adjustment of forest planting expenditure	(1,793)	1,393
Share of profit of joint ventures	(23,635)	(17,231)
Share of profit of an associate	(8,332)	(1,953)
Interest expense	47,758	52,941
Interest income	(12,417)	(15,865)
Dividend income	-	(9)
	248,008	211,752
Operating profit before working capital changes		
Changes in working capital		
Decrease in inventories	28,502	5,181
Increase in receivables	(8,735)	(5,543)
(Decrease)/ Increase in payables	(14,802)	2,496
	252,972	213,886
Cash generated from operations		
Income tax paid	(16,834)	(31,730)
	236,138	182,156
Net cash generated from operating activities		
Cash Flows from Investing Activities		
Addition of right of use assets	(2,329)	(3,005)
Placement of short term investment	(15,302)	-
Withdrawals of deposits with maturity of over 3 months	-	822
Withdrawal of pledged deposits	1,078	(116)
Purchase of property, plant and equipment	(51,376)	(97,198)
Forest planting expenditure	(4,104)	(4,412)
Proceeds from disposal of property, plant and equipment	1,620	1,730
Interest received	12,417	15,863
Dividends received	33,728	9,059
	(24,268)	(77,257)
Net cash used in investing activities		
Cash Flows from Financing Activities		
Purchase of treasury shares	-	(1,459)
Net repayments of term loans/medium term notes	(126,798)	(23,958)
Net drawdowns in other borrowings	14,842	3,738
Payments of lease liabilities and lease interest	(1,080)	(1,001)
Interest paid	(47,533)	(52,763)
Dividends paid	(13,802)	(13,818)
	(174,371)	(89,261)
Net cash used in financing activities		
Net increase in cash and cash equivalents	37,499	15,638
Cash and cash equivalents at beginning of period	116,954	99,843
Effect of exchange rate changes	(1,641)	1,473
Cash and cash equivalents at end of period	152,812	116,954

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EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 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
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 16 Leases – COVID-19-Related Rent Concessions</i>	1 June 2020
<i>Amendments to Insurance Contracts – 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
<i>Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
<i>Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipments - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022

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1. Basis of preparation (continued)

Annual Improvements to MFRS Standards 2018 – 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

There are no unusual items effecting assets, liabilities, equity, net income and cash flows for the current quarter ended 31 December 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 31 December 2020.

7. Dividends paid

There were no dividends paid during the quarter ended 31 December 2020.

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8. Segmental information

i) Business segments

Business Segment For Year-To-Date Ended

-	Palm Product		Others		Total	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
SEGMENT REVENUE						
External Revenue	670,071	604,705	111,596	114,108	781,667	718,813
Discontinued operations	144,336	120,081	-	-	144,336	120,081
Inter-Segment	18,142	21,722	-	-	18,142	21,722
SEGMENT PROFIT						
Continuing operations	117,624	73,364	16,139	29,684	133,763	103,048
Discontinued operations	28,260	20,033	-	-	28,260	20,033
					162,023	123,081
Unallocated corporate expenses					(17,791)	(20,260)
Gains on foreign exchange					1,591	4,942
Finance costs					(41,880)	(44,581)
Profit on discontinued operations					(28,260)	(20,033)
Share of profit of an associate					8,332	1,953
Share of profit of joint ventures					23,635	17,231
Consolidated profit before tax from continuing operations					107,650	62,333

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8. Segmental information (continued)

i) Business segments (cont'd)

Business Segment For Year-To-Date Ended

	Palm Product		Others		Consolidated	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
SEGMENTS ASSETS	1,699,406	2,228,862	727,727	760,357	2,427,133	2,989,219
Investments in joint ventures					84,097	80,492
Investments in an associate					73,046	78,412
Deferred tax assets					2,402	13,838
Tax recoverable					3,744	13,338
Unallocated assets					135,118	89,835
Assets of disposal companies classified as held for sale					440,454	-
Consolidated total assets					3,165,994	3,265,134
SEGMENT LIABILITIES	21,836	28,393	68,853	84,018	90,689	112,411
Borrowings					1,309,195	1,431,797
Lease Liabilities					4,920	2,930
Deferred tax liabilities					133,580	131,669
Unallocated liabilities					11,657	11,607
Liabilities of disposal companies classified as held for sale					17,980	-
Consolidated total liabilities					1,568,021	1,690,414

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8. Segmental information (continued)

i) Business segments (cont'd)

Business Segment For Quarter Ended

	Palm Product		Others		Total	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
SEGMENT REVENUE						
External Revenue	176,462	166,727	18,779	28,328	195,241	195,055
Discontinued operations	45,848	46,383	-	-	45,848	46,383
Inter-Segment	1,796	826	-	-	1,796	826
SEGMENT PROFIT						
Continuing operations	26,579	24,379	1,761	4,165	28,340	28,544
Discontinued operations	12,536	11,724	-	-	12,536	11,723
					40,876	40,267
Unallocated corporate expenses					(6,842)	(5,700)
Gains on foreign exchange					12,467	9,643
Finance costs					(9,744)	(11,633)
Profit on discontinued operations					(12,536)	(11,723)
Share of profit of an associate					2,157	2,086
Share of profit/ (loss) of joint ventures					9,842	(1,289)
Consolidated profit before tax from continuing operations					36,220	21,651

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8. Segmental information (continued)

ii) Geographical segments

Continuing Operations

	Quarter Ended		Year-To-Date Ended			
	Total revenue from external customers		Total revenue from external customers		Segment Assets	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	184,015	186,667	361,524	381,940	1,493,491	1,446,690
Indonesia	2,590	2,697	348,007	273,417	1,224,314	1,812,674
Europe	656	861	4,464	4,726	6,798	4,765
United States of America	3,935	2,096	49,831	47,855	286	299
Others	4,045	2,734	17,841	10,875	651	706
Total	195,241	195,055	781,667	718,813	2,725,540	3,265,134

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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.

10. Discontinued operations

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 2nd 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.

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 periods 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	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	45,848	46,383	144,336	120,081
Expenses	<u>(33,803)</u>	<u>(35,775)</u>	<u>(121,882)</u>	<u>(108,408)</u>
Profit before taxation	12,045	10,608	22,454	11,673
Taxation	<u>(2,516)</u>	<u>(7,617)</u>	<u>(4,840)</u>	<u>(7,577)</u>
Profit for the period	<u>9,529</u>	<u>2,991</u>	<u>17,614</u>	<u>4,096</u>
Profit attributable to :				
Owners of the Company	8,966	2,976	16,708	4,553
Non-controlling interests	<u>563</u>	<u>15</u>	<u>906</u>	<u>(457)</u>
	<u>9,529</u>	<u>2,991</u>	<u>17,614</u>	<u>4,096</u>

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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 31.12.2020 RM'000
ASSETS	
Non-current assets	
Property, plant and equipment	365,211
Right-of-use assets	12,942
Intangible assets	1,672
Deferred tax assets	5,999
Other receivables	22,989
	<u>408,813</u>
Current assets	
Biological assets	3,334
Inventories	13,767
Trade and other receivables	619
Other current assets	97
Tax recoverable	2,215
Cash and bank balances	11,609
	<u>31,641</u>
Assets of the Disposal Companies classified as held-for-sale	<u>440,454</u>
Non-current liabilities	
Retirement benefits	6,431
Deferred tax liabilities	1,084
	<u>7,515</u>
Current liabilities	
Trade and other payables	9,206
Derivative liabilities	1,259
	<u>10,465</u>
Liabilities of the Disposal Companies classified as held-for Sale	<u>17,980</u>
Net assets of the Disposal Companies classified as held-for sale	<u>422,474</u>

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10. Discontinued operations (continued)

(iii) Cash flows from discontinued operations

	Year-To- Date Ended 31.12.2020 RM'000	Year-To- Date Ended 31.12.2019 RM'000
Net cash inflows from operating activities	15,812	40,411
Net cash outflows from investing activities	(2,245)	(11,463)
Net cash outflows from financing activities	(5,878)	(8,360)
Net cash inflows	7,689	20,588

11. Capital commitments

The amount of commitments for capital expenditure as at 31 December 2020 is as follows:

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Approved and contracted for	20,337	8,905
Approved but not contracted for	31,843	42,484
	52,180	51,389

12. Changes in contingent liabilities or contingent assets

There were no material changes in the contingent liabilities and contingent assets since the last annual reporting date..

13. Material related party transactions

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

	Year-To-Date ended 31 December 2020 RM'000
Sales of crude palm oil	262,596
Sales of palm kernel	37,527

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

Continuing operations

The Group's revenue for the quarter ended 31 December 2020 ("Q4 2020") and the year ended 31 December 2020 ("12M 2020") were RM195.2 million and RM781.7 million respectively, compared with RM195.1 million and RM718.8 million for the preceding year corresponding periods. The higher revenues were mainly attributable to higher average Crude Palm Oil ("CPO") and Palm Kernel ("PK") selling prices. For Q4 2020, higher revenue in the palm segment was partially offset by lower revenue in the Others segment.

Despite the impact of additional Indonesia export levy and duty on CPO of RM9.1 million in Q4 2020, the Group's profit before taxation increased by 67.3% to RM36.2 million from RM21.7 million for Q4 2019. Profit before taxation also increased by 72.7% for 12M 2020 to RM 107.7 million against RM62.3 million for 12M 2019 mainly due to higher average CPO and PK prices in the palm products segment and higher share of profits contributions from joint ventures and associate. In line with the improvement in profit before tax, net cashflow from operating activities for 12M 2020 improved significantly to RM236.1 million from RM182.2 million in the preceding year corresponding period.

Similarly in spite of the additional Indonesia export duty and levy on CPO of RM9.1 million for Q4 2020, profit after tax increased by 83.7% to RM34.2 million compared to Q4 2019. For 12M 2020 profit after tax increased by 98.3% to RM90.5 million against RM45.6 million for 12M 2019.

1.1 Palm Products Segment

This segment reported higher revenue of RM176.5 million and RM670.1 million for the Q4 2020 and 12M 2020 respectively, compared to RM166.7 million and RM604.7 million for the preceding year corresponding periods mainly due to higher CPO and PK prices. Accordingly, segment profits for Q4 2020 and 12M 2020 were also higher at RM26.6 million and RM117.6 million respectively compared with RM24.4 million and RM73.4 million for the preceding year corresponding periods. However, the increase in Q4 2020 segment profit was partially offset by incremental export levy and duty on CPO imposed by the Government of Indonesia of RM9.1 million as well as incremental fair value and realised commodity futures contract losses of RM2.4 million.

Average CPO prices for Q4 2020 and 12M 2020 were RM2,779 per MT and RM2,478 per MT respectively, compared to RM2,306 per MT and RM2,015 per MT for the corresponding periods preceding year. As for fresh fruit bunches ("FFB") production, the Group achieved 180,963 MT and 685,494 MT in Q4 2020 and 12M 2020 respectively compared with 160,911 MT and 662,484 MT in the preceding year corresponding periods.

1.2 Others Segment

This segment reported lower revenue of RM18.8 million and RM111.6 million for Q4 2020 and 12M 2020 respectively, compared with RM28.3 million and RM114.1 million for the preceding year corresponding periods mainly due to lower contribution from the Bio-Integration division and Cocoa division as a result of lower sale of electricity and lower cocoa revenue respectively.

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1. Performance Review (continued)

1.2 Others Segment (cont'd)

The operating profits for Q4 2020 and 12M 2020 of RM1.8 million and RM16.1 million respectively were lower compared with RM4.2 million and RM29.7 million in the preceding year corresponding periods mainly due to lower sales in cocoa division and lower profit contribution from bio-integration division as its production was impacted by lower supplies of raw material.

1.3 Discontinued operations

The discontinued operations reported slightly lower revenue of RM45.8 million for Q4 2020 compared with RM46.4 million for the preceding year corresponding period mainly due to lower CPO and PK sold arising from stock movement. However, the discontinued operations reported higher revenue of RM144.3 million compared to RM120.1 million in the preceding year corresponding period mainly due to higher CPO and PK prices.

Profit before taxation of RM12.0 million was registered for Q4 2020 compared with RM10.6 million in the preceding year corresponding period primarily due to lower finance costs. Profit before taxation for 12M 2020 increased to RM22.5 million compared with RM11.7 million in the preceding year corresponding period in line with the higher CPO and PK prices and higher CPO and PK sold.

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

Continuing operations

For Q4 2020, the Group registered a higher revenue of RM195.2 million compared with the immediate preceding quarter of RM194.2 million mainly due to higher CPO and PK prices partially offset by lower sales contribution from the Others segment. Despite incremental fair value and realised derivatives losses of RM4 million and additional Indonesia export levy and duty on CPO of RM3 million, higher profit before taxation of RM36.2million was registered for Q4 2020 compared with RM34.9 million for the preceding quarter.

Similarly, despite the fair value and realised derivative losses and additional Indonesia export levy and duty on CPO totalling RM7 million, profit after taxation for Q4 2020 of RM34.2 million was still 26.4% higher compared with RM27.09 million in Q3 2020. A higher gain on foreign exchange also contributed.

Discontinued operations

For Q4 2020, the discontinued operations registered revenue of RM45.8 million compared with the revenue for the immediate preceding quarter of RM22.8 million mainly due to higher CPO and PK prices and higher CPO and PK sold.

The discontinued operations registered a profit before taxation of RM12.0 million for Q4 2020 against RM2.5 million loss for the preceding quarter in line with the significantly higher revenue in Q4 2020.

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3. Commentary on the prospects

Palm oil prices hit a 12 year high in January 2021 and have remained above the RM3,500 level boosted by stronger soybean oil prices and concerns about weak CPO production. Barring unforeseen circumstances, the Group is cautiously optimistic of achieving a satisfactory performance for 2021.

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 88% 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

Profits before tax was arrived at after charging/ (crediting) the following items:

	Quarter Ended 31.12.2020 <u>RM'000</u>	Year-To- Date Ended 31.12.2020 <u>RM'000</u>
Insurance claim	(3,954)	(17,216)
Interest income	(2,142)	(12,417)
Interest expense	10,328	47,758
Rental income	(349)	(1,294)
Depreciation and amortization	25,502	105,622
Fair value loss/(gain) on derivatives		
- Forward currency contracts	393	(413)
- Commodity futures contracts	4,941	1,600
Fair value loss/(gain) on FFB	738	(3,581)
Inventories written off	339	11,691
Loss on commodity futures contracts	9,995	10,506
Net foreign exchange loss/ (gain)		
- Realised	934	3,652
- Unrealised	(13,797)	(4,900)
Property, plant and equipment written off	783	2,816
Impairment loss on trade and other receivables	4,847	1,062
Gain from fair value adjustment of forest planting expenditure	(1,793)	(1,793)

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6. Taxation

Continuing Operations

	Quarter Ended 31.12.2020 RM'000	Year-To-Date Ended 31.12.2020 RM'000
Current tax:		
Malaysian income tax	935	9,239
Foreign tax	4,957	21,879
Under provision in prior years		
Malaysia income tax	45	49
Deferred tax:		
Relating to origination/ (reversal) of temporary differences	253	(1,706)
Underprovided in prior year	5,374	5,333
	<u>11,564</u>	<u>34,794</u>

The effective tax rate of the Group for the year-to-date ended 31 December 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 10 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 31.12.2020					
	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	33,742	10,200	261,055	22,562	294,797	32,762
Unsecured	130,352	515,917	21,089	314,278	151,441	830,195
Total	164,094	526,117	282,144	336,840	446,238	862,957

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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 31 December 2020, the values and maturity analysis of the outstanding derivatives were as follows:-

	Contract/notional amount RM'000	Assets RM'000	Liabilities RM'000	Maturity Profile
Group				
Non-hedging derivatives :				
Current				
Forward currency contracts	15,620	-	(178)	Less than 1 year
Commodity futures contracts	55,483	208	(3,182)	Less than 1 year
	<u>71,103</u>	<u>208</u>	<u>(3,360)</u>	

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 Board of Directors declares an interim dividend of 1.5 sen per ordinary share for the current quarter and year ended 31 December, 2020.

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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>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
Net profit attributable to Shareholder (RM'000)				
From continuing operations	23,988	15,676	62,385	39,726
From discontinued operations	8,966	2,976	16,708	4,553
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,174	1,380,174	1,381,101
Basic earnings per ordinary share (sen)				
From continuing operations	1.74	1.13	4.52	2.88
From discontinued operations	0.65	0.22	1.21	0.33
Total	<u>2.39</u>	<u>1.35</u>	<u>5.73</u>	<u>3.21</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 25 February 2021.