

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter and Year-To-Date Ended 30 June 2021**

	Quarter Ended			Year-To-Date Ended		
	30.06.2021 RM'000	30.06.2020 RM'000	Changes %	30.06.2021 RM'000	30.06.2020 RM'000	Changes %
Revenue	307,414	210,566	46%	551,495	467,954	18%
Cost of sales	(184,546)	(141,891)	30%	(332,809)	(307,391)	8%
Gross profit	122,868	68,675	79%	218,686	160,563	36%
Other operating income	9,788	21,725	-55%	22,086	36,172	-39%
Other operating expenses	(64,642)	(66,975)	-3%	(114,485)	(115,641)	-1%
Operating profit	68,014	23,425	190%	126,287	81,094	56%
Finance costs	(10,386)	(12,390)	-16%	(21,100)	(26,372)	-20%
Share of profit of an associate, net of tax	4,499	2,198	105%	6,383	3,900	64%
Share of profit of joint ventures, net of tax	3,097	8,101	-62%	4,525	10,336	-56%
Core profit before taxation	65,224	21,334	206%	116,095	68,958	68%
(Loss)/ Gain on foreign exchange	(511)	6,720	nm	(12,402)	(19,511)	-36%
Profit before taxation	64,713	28,054	131%	103,693	49,447	110%
Taxation	(16,514)	(6,760)	144%	(29,045)	(20,201)	44%
Profit for the period	48,199	21,294	126%	74,648	29,246	155%
Other comprehensive loss						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	9,095	218,438	-96%	782	31,300	-98%
Other comprehensive income for the period, net of tax	9,095	218,438	-96%	782	31,300	-98%
Total comprehensive income for the period	57,294	239,732	-76%	75,430	60,546	25%
Profit attributable to :						
Owners of the Company	39,715	19,818	100%	60,499	22,072	174%
Non-controlling interests	8,484	1,476	475%	14,149	7,174	97%
	48,199	21,294	126%	74,648	29,246	155%
Total comprehensive income attributable to :						
Owners of the Company	44,986	229,074	-80%	60,553	55,204	10%
Non-controlling interests	12,308	10,658	15%	14,877	5,342	178%
	57,294	239,732	-76%	75,430	60,546	25%
Earnings per share attributable to owners of the Company						
Basic (sen)	2.88	1.44		4.38	1.60	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020

*nm = not meaningful

Note

Revenue and profitability for the quarter and year-to-date ended 30 June 2021 would have been higher if not for the revision of Indonesia Export and duty on CPO . The impact is tabulated below:-

	Quarter Ended			Year-To-Date Ended		
	30.06.2021 RM'000	30.06.2020 RM'000	Variance RM'000	30.06.2021 RM'000	30.06.2020 RM'000	Variance RM'000
Indonesia Export and duty on CPO	72,233	9,119	63,114	124,854	19,404	105,450

Condensed Consolidated Statement of Financial Position
As at 30 June 2021

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,630,850	1,300,073
Biological assets	409,185	407,746
Right-of-use assets	416,303	391,482
Intangible assets	55,903	49,113
Investment in an associate	86,277	84,097
Investments in joint ventures	78,096	73,571
Deferred tax assets	2,752	2,138
Other receivables	70,740	40,438
Investment securities	50	50
	<u>2,750,156</u>	<u>2,348,708</u>
Current assets		
Biological assets	16,622	9,251
Inventories	133,876	113,628
Trade and other receivables	55,064	60,433
Other current assets	4,210	6,050
Tax recoverable	4,503	5,018
Investment securities	7	5
Derivative assets	5,174	208
Short term funds	3,244	15,302
Cash and bank balances	179,036	147,832
	<u>401,736</u>	<u>357,727</u>
Assets of disposal group held for sale	-	465,342
	<u>401,736</u>	<u>823,069</u>
TOTAL ASSETS	<u><u>3,151,892</u></u>	<u><u>3,171,777</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	(237,803)	(237,857)
Retained earnings	992,040	952,244
	<u>1,493,282</u>	<u>1,453,432</u>
Non-controlling interests	159,228	144,351
TOTAL EQUITY	<u>1,652,510</u>	<u>1,597,783</u>
Non-current liabilities		
Loans and Borrowings	572,394	618,984
Retirement benefits	25,876	16,427
Lease liabilities	3,278	4,079
Deferred tax liabilities	133,828	129,149
	<u>735,376</u>	<u>768,639</u>
Current liabilities		
Loans and Borrowings	650,006	690,211
Trade and other payables	97,258	77,734
Derivative liabilities	-	3,361
Lease liabilities	1,271	841
Current tax payable	15,471	8,812
	<u>764,006</u>	<u>780,959</u>
Liabilities of disposal group held for sale	-	24,396
	<u>764,006</u>	<u>805,355</u>
TOTAL LIABILITIES	<u>1,499,382</u>	<u>1,573,994</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,151,892</u></u>	<u><u>3,171,777</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 2020

**Condensed Consolidated Statement of Changes In Equity
For The Year-To-Date Ended 30 June 2021**

	← Attributable to owners of the Company →								
	← Non-distributable →					Distributable			Equity Total RM'000
	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	
Balance as at 1 January 2021	740,512	(1,467)	9,630	100	(247,587)	952,244	1,453,432	144,351	1,597,783
Profit for the period	-	-	-	-	-	60,499	60,499	14,149	74,648
Other comprehensive income									
Foreign currency translations	-	-	-	-	54	-	54	728	782
Other comprehensive income for the period, net of tax	-	-	-	-	54	-	54	728	782
Total comprehensive income for the period	-	-	-	-	54	60,499	60,553	14,877	75,430
Dividends paid	-	-	-	-	-	(20,703)	(20,703)	-	(20,703)
Balance as at 30 June 2021	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>(247,533)</u>	<u>992,040</u>	<u>1,493,282</u>	<u>159,228</u>	<u>1,652,510</u>
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	-	-	-	-	-	22,072	22,072	7,174	29,246
Other comprehensive income/ (loss)									
Foreign currency translations	-	-	-	-	33,132	-	33,132	(1,832)	31,300
Other comprehensive income/ (loss) for the period, net of tax	-	-	-	-	33,132	-	33,132	(1,832)	31,300
Total comprehensive income for the period	-	-	-	-	33,132	22,072	55,204	5,342	60,546
Balance as at 30 June 2020	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>(166,693)</u>	<u>912,104</u>	<u>1,494,186</u>	<u>141,080</u>	<u>1,635,266</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 2020

Condensed Consolidated Statement of Cash Flows
For The Year-To-Date Ended 30 June 2021

	Year-To-Date Ended	
	30.06.2021	30.06.2020
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	103,693	49,447
Adjustments for :-		
Depreciation and amortisation	56,410	51,968
Fair value gain on commodity futures contract	(9,406)	(3,872)
Net unrealised foreign exchange loss	11,362	16,824
Gain on disposal of property, plant and equipment	(243)	(207)
Write back of impairment on trade and other receivables	(3,886)	(274)
Property, plant and equipment written off	893	2,028
Inventories written down	3,470	1,539
Inventories written off	915	10,718
Fair value gain on investment securities	(2)	-
(Gain)/ Loss from fair value adjustment of fresh fruit bunches (FFB)	(4,050)	3,231
Share of profit of joint ventures	(4,525)	(10,336)
Share of profit of an associate	(6,383)	(3,900)
Interest expense	21,100	26,372
Interest income	(4,370)	(7,335)
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Operating profit before working capital changes	164,978	136,203
Changes in working capital		
(Increase) /decrease in inventories	(10,867)	17,286
(Increase) /decrease in receivables	5,965	(10,257)
Increase / (decrease) in payables	9,761	(10,575)
	<hr/>	<hr/>
Cash generated from operations	169,837	132,657
Income tax paid	(10,659)	(11,404)
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Net cash generated from operating activities	159,178	121,253
Cash Flows from Investing Activities		
Addition of right of use assets	(378)	(1,102)
Withdrawals of deposits with maturity of over 3 months	1,430	-
Withdrawal of pledged deposits	-	(83)
Purchase of property, plant and equipment	(16,329)	(21,948)
Forest planting expenditure	(1,916)	(1,857)
Proceeds from disposal of property, plant and equipment	623	248
Interest received	4,370	7,335
Dividends received	4,202	-
	<hr/>	<hr/>
Net cash used in investing activities	(7,998)	(17,407)
Cash Flows from Financing Activities		
Net repayments of term loans/medium term notes	(78,183)	(48,704)
Net (repayments)/ drawdowns in other borrowings	(21,993)	1,420
Payments of lease liabilities and lease interest	(485)	(526)
Interest paid	(20,987)	(26,263)
Dividends paid	(20,703)	-
	<hr/>	<hr/>
Net cash used in financing activities	(142,351)	(74,073)
Net increase in cash and cash equivalents	8,829	29,773
Cash and cash equivalents at beginning of period	168,104	116,956
Effect of exchange rate changes	346	1,709
Cash and cash equivalents at end of period	<hr/> <hr/>	<hr/> <hr/>
	177,279	148,438

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020

TSH RESOURCES BERHAD

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(Incorporated in Malaysia)

EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2021

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 2020.

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 2020.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020 except for the adoption of the following Amendments to MFRSs during the current financial period.

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

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
Annual improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment</i> <i>- Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 - <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	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 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities Arising from a Single Transaction</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

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1. Basis of preparation (continued)

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 2020 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 affecting assets, liabilities, equity, net income and cash flows for the financial period ended 30 June 2021.

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 June 2021.

7. Dividends paid

There were no dividends paid during the quarter ended 30 June 2021.

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8. Segmental information

i) Business segments

Business Segment For Quarter Ended

	Palm Product		Others		Total	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SEGMENT REVENUE	289,649	181,977	17,765	28,589	307,414	210,566
SEGMENT PROFIT/ (LOSS)	75,775	19,400	(1,550)	7,550	74,225	26,950
Unallocated corporate expenses					(6,211)	(3,525)
(Loss)/ Gain on foreign exchange					(511)	6,720
Finance costs					(10,386)	(12,390)
Share of profit of an associate					4,499	2,198
Share of profit of joint ventures					3,097	8,101
Consolidated profit before tax					64,713	28,054

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8. Segmental information (continued)

i) Business segments (cont'd)

Business Segment For Year-To-Date Ended

	Palm Product		Others		Total	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
SEGMENT REVENUE	509,737	403,817	41,758	64,137	551,495	467,954
SEGMENT PROFIT/ (LOSS)	136,919	75,213	(873)	14,344	136,046	89,557
Unallocated corporate expenses					(9,759)	(8,463)
Loss on foreign exchange					(12,402)	(19,511)
Finance costs					(21,100)	(26,372)
Share of profit of an associate					6,383	3,900
Share of profit of joint ventures					4,525	10,336
Consolidated profit before tax					103,693	49,447

Business Segment For Year-To-Date Ended

	Palm Product		Others		Consolidated	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
SEGMENTS ASSETS	2,175,037	2,252,015	718,309	732,508	2,893,346	2,984,523
Investments in joint ventures					78,096	88,748
Investments in an associate					86,277	84,392
Deferred tax assets					2,752	13,683
Tax recoverable					4,503	11,338
Unallocated assets					86,918	104,919
Consolidated total assets					3,151,892	3,287,603
SEGMENT LIABILITIES	100,942	70,790	28,292	33,659	129,234	104,449
Borrowings					1,222,400	1,402,793
Lease Liabilities					4,549	5,075
Deferred tax liabilities					133,828	129,956
Unallocated liabilities					9,371	10,064
Consolidated total liabilities					1,499,382	1,652,337

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8. Segmental information (continued)

ii) Geographical segments

	Quarter Ended		Year-To-Date Ended			
	Total revenue from external customers		Total revenue from external customers		Non-Current Assets	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	130,304	87,465	225,023	179,994	1,238,888	1,249,778
Indonesia	166,931	102,959	303,292	242,424	1,437,720	1,572,398
Europe	2,310	107	2,576	1,197	0	0
United States of America	2,055	16,104	7,674	35,835	1	2
Others	5,814	3,931	12,930	8,504	5	5
Total	307,414	210,566	551,495	467,954	2,676,614	2,822,183

9. Changes in composition of the Group

On 4 January 2021, a new subsidiary known as PT Sejahtera Aman Sejati ('PTSAS') was approved as a legal entity in Indonesia.

The issued and paid-up capital PTSAS is Rupiah 2.5 billion, divided into 2,500 shares of Rupiah 1.0 million each. TSH has subscribed for a total 1,625 shares, representing 65% of the entire issued and paid-up capital of PTSAS for a total subscription consideration of Rupiah 1.625 billion (or equivalent to RM468,000).

Apart from above and those disclosed in Note 10, there were no significant changes in the composition of the Group for the six months ended 30 June 2021 including business combination, acquisition or disposal of subsidiaries and long-term investments, and restructuring.

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10. Discontinued operations

On 26 August 2020, the Group announced that it had entered into conditional sale and purchase agreements (“ CSPAs”) with Taiko Plantation Pte. Ltd. to dispose its 90% equity interests in PT Farinda Bersaudara and PT Teguh Swakara Sejahtera for a total consideration of approximately USD141.093 million, subject to adjustments .

On 22 June 2021, the Group announced that the CSPAs were terminated as certain conditions precedent were not satisfied and have not been waived within the fulfilment period as stipulated in the CSPAs.

11. Capital commitments

The amount of commitments for capital expenditure as at 30 June 2021 is as follows:

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Approved and contracted for	26,011	20,336
Approved but not contracted for	33,013	45,819
	59,024	66,155

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 30 June 2021 RM'000
Sales of crude palm oil	170,508
Sales of palm kernel	27,261

14. Subsequent event

There was no material subsequent event to the end of this reporting except as follows:

On 6 July 2021, the Group announced that it had entered into sale and purchase agreements with Sharikat Keratong Sdn. Bhd. to dispose two oil palm estates and one palm oil mill in Sabah for a total cash consideration of RM248.0 million (collectively referred to as “Proposed Disposal”). The Proposed Disposal is expected to be completed by the 1st quarter of 2022.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES
1. Performance review

Core profit for the quarter ended 30 June 2021 (“Q2 2021”) surged 206% to RM65.2 million compared to RM21.3 million for quarter ended 30 June 2020 (“Q2 2020”) despite Indonesian Export Levy and Duty of RM72.2 million for Q2 2021 against RM9.1 million for Q2 2020. Core profit for the six months ended 30 June 2021 (“6M 2021”) increased by 68% to RM116.1 million against RM69.0 million for six months ended 30 June 2020 (“6M 2020”). This is notwithstanding Indonesia export levy and duty of RM124.9 million for 6M 2021 compared to RM19.4 million for 6M 2020.

The Group’s revenues for Q2 2021 and 6M 2021 were RM307.4 million and RM551.5 million respectively, compared with RM210.6 million and RM468.0 million for the corresponding periods last year. The revenue contributions from the respective segments are analysed as follows:

Revenue	Quarter Ended			Year-To-Date Ended		
	30.06.2021 RM'000	30.06.2020 RM'000	Variance RM'000	30.06.2021 RM'000	30.06.2020 RM'000	Variance RM'000
Palm Products	289,649	181,977	107,672	509,737	403,817	105,920
Others	17,765	28,589	(10,824)	41,758	64,137	(22,379)
Total	307,414	210,566	96,848	551,495	467,954	83,541

As shown above the higher revenues for Q2 2021 and 6M 2021 were due to the significant increase in revenue contribution from the Palm Products segment despite impacted by the increase in export levy and duty in Indonesia as shown below.

	Quarter Ended			Year-To-Date Ended		
	30.06.2021 RM'000	30.06.2020 RM'000	Variance RM'000	30.06.2021 RM'000	30.06.2020 RM'000	Variance RM'000
Indonesia Export Levy and Duty	72,233	9,119	63,114	124,854	19,404	105,450

Further analysis of the performance of Palm Products segment and Others segment is provided in the sections hereunder.

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1.1 Palm Products Segment

This segment reported higher revenues of RM289.6 million and RM509.7 million for Q2 2021 and 6M 2021 respectively, compared with RM182.0 million and RM403.8 million for the corresponding periods last year.

This is mainly due to higher average CPO and PK prices partially offset by lower CPO and PK sold. Average CPO prices for Q2 2021 and 6M 2021 were RM3,441 per MT and RM3,242 per MT respectively, compared with RM2,099 per MT and RM2,350 per MT for the corresponding periods last year. As for FFB production, the Group achieved satisfactory production increases to 255,151 MT and 483,338 MT in Q2 2021 and 6M 2021 respectively compared with 219,082 MT and 426,809 MT for the corresponding periods last year.

Despite the additional Indonesia export levy and duty on CPO of RM63.1 million and RM105.5 million for Q2 2021 and 6M 2021, the segment profits for Q2 2021 and 6M 2021 were also significantly higher at RM75.8 million and RM136.9 million respectively compared with RM19.4 million and RM75.2 million for the corresponding periods last year.

1.2 Others Segment

This segment reported lower revenues of RM17.8 million and RM41.8 million for Q2 2021 and 6M 2021 respectively, compared with RM28.6 million and RM64.1 million for the corresponding periods last year. This was mainly due to lower revenue from the Cocoa division, which was adversely impacted by lower consumption of cocoa butter globally as a result of the Covid-19 pandemic.

Consequently, the segment recorded losses for Q2 2021 and 6M 2021 of RM1.6 million and RM0.9 million respectively compared with segment profits of RM7.5 million and RM14.3 million in the corresponding periods last year.

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

	Q2 2021 RM'000	Q1 2021 RM'000	Variance RM'000
Revenue			
Palm Products	289,649	220,088	69,561
Others	17,765	23,993	(4,626)
Total	307,414	244,081	64,935

The revenue of RM307.4 million is higher compared with that of Q1 2021 of RM244.1 million despite the impact of the increase in export levy and duty in Indonesia in Palm segment as shown below.

	Q2 2021 RM'000	Q1 2021 RM'000	Variance RM'000
Indonesia Export Levy and Duty	72,233	52,621	19,612

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

The Palm segment profit increased to RM75.8 million compared with the Q1 2021 of RM61.1 million due to higher CPO and PK prices notwithstanding the additional Indonesia export levy and duty on CPO of RM19.6 million. Accordingly, the Group registered higher core profit before tax of RM65.2 million compared with RM50.9 million for the Q1 2021.

The profit after tax for Q2 2021 of RM48.2 million was also higher compared with RM26.4 million in Q1 2021. This was partially due to lower foreign exchange loss of RM0.5 million in Q2 2021 compared with foreign exchange loss of RM11.9 million in the Q1 2021.

3. Commentary on the prospects

Year to date, CPO prices have been enjoying a strong run underpinned by tight stock levels and prices are expected to remain buoyant in the foreseeable future. Premised on the above factors, the Group is optimistic of achieving satisfactory performance for 2021. The management will continue its focus on raising productivity and efficiency to lower unit cost of production.

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 92% 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.

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5. Profit Before Tax

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

	Quarter Ended 30.06.2021 <u>RM'000</u>	Year-To- Date Ended 30.06.2021 <u>RM'000</u>
Interest income	(2,039)	(4,370)
Interest expense	10,386	21,100
Rental income	(272)	(540)
Depreciation and amortization	28,761	56,410
Fair value gain on derivatives		
- Forward currency contracts	(411)	(213)
- Commodity futures contracts	(4,786)	(9,406)
Gain from fair value adjustment of fresh fruit bunches	(1,441)	(4,050)
Inventories written down	3,470	3,470
Loss on commodity futures contracts	10,921	18,877
Net foreign exchange loss/ (gain)		
- Realised	969	1,040
- Unrealised	(47)	11,575
Property, plant and equipment written off	56	893
Allowance/ (Write back) of impairment on trade and other receivables	254	(3,886)

6. Taxation

	Quarter Ended 30.06.2021 <u>RM'000</u>	Year-To-Date Ended 30.06.2021 <u>RM'000</u>
Current tax:		
Malaysian income tax	2,846	4,543
Foreign tax	11,905	19,856
Under provision in prior years:		
Malaysia income tax	-	1
Foreign tax	(20)	-
Deferred tax:		
Relating to origination of temporary differences	1,783	4,645
	<u>16,514</u>	<u>29,045</u>

The effective tax rate of the Group for the year-to-date ended 30 June 2021 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.

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7. Corporate proposals

Apart from those disclosed in Note 14 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

Comprised:

	As at 30.06.2021					
	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	12,040	10,200	277,054	17,462	289,094	27,662
Unsecured	133,902	493,864	18,165	259,713	152,067	753,577
Total	145,942	504,064	295,219	277,175	441,161	781,239

9. Derivatives

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 June 2021, 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	17,809	35	Less than 1 year
Commodity futures contracts	66,680	5,139	Less than 1 year
	84,489	5,174	

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.

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11. Proposed Dividend

The Company did not declare any interim dividend for the current quarter ended 30 June, 2021.

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	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net profit attributable to shareholder (RM'000)	39,715	19,818	60,499	22,072
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,174	1,380,174	1,380,174
Basic earnings per ordinary share (sen)	2.88	1.44	4.38	1.6

(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 24 August 2021.