

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

	Quarter Ended			Year-To-Date Ended		
	30.09.2021 RM'000	30.09.2020 RM'000	Changes %	30.09.2021 RM'000	30.09.2020 RM'000	Changes %
Revenue	309,074	216,960	42%	860,569	684,914	26%
Cost of sales	<u>(192,914)</u>	<u>(147,641)</u>	31%	<u>(525,722)</u>	<u>(455,033)</u>	16%
Gross profit	116,160	69,319	68%	334,847	229,881	46%
Other operating income	3,343	3,207	4%	25,429	39,380	-35%
Other operating expenses	<u>(53,602)</u>	<u>(43,420)</u>	23%	<u>(168,087)</u>	<u>(159,062)</u>	6%
Operating profit	65,901	29,106	126%	192,189	110,199	74%
Finance costs	(11,532)	(11,149)	3%	(32,632)	(37,521)	-13%
Share of profit of an associate, net of tax	5,305	2,276	133%	11,687	6,176	89%
Share of profit of joint ventures, net of tax	<u>8,579</u>	<u>3,456</u>	148%	<u>13,103</u>	<u>13,793</u>	-5%
Core profit before taxation	68,253	23,689	188%	184,347	92,647	99%
(Loss)/ Gain on foreign exchange	(2,564)	8,703	nm	(14,966)	(10,808)	nm
Profit before taxation	65,689	32,392	103%	169,381	81,839	107%
Taxation	<u>(11,914)</u>	<u>(5,354)</u>	123%	<u>(40,959)</u>	<u>(25,554)</u>	60%
Profit for the period	<u>53,775</u>	<u>27,038</u>	99%	<u>128,422</u>	<u>56,285</u>	128%
Other comprehensive income/ (loss) <i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	<u>39,806</u>	<u>(124,860)</u>	nm	<u>40,588</u>	<u>(93,560)</u>	nm
Other comprehensive income/ (loss) for the period, net of tax	<u>39,806</u>	<u>(124,860)</u>	nm	<u>40,588</u>	<u>(93,560)</u>	nm
Total comprehensive income/ (loss) for the period	<u>93,581</u>	<u>(97,822)</u>	nm	<u>169,010</u>	<u>(37,275)</u>	nm
Profit attributable to :						
Owners of the Company	45,078	24,068	87%	105,576	46,140	129%
Non-controlling interests	<u>8,697</u>	<u>2,970</u>	193%	<u>22,846</u>	<u>10,145</u>	125%
	<u>53,775</u>	<u>27,038</u>	99%	<u>128,422</u>	<u>56,285</u>	128%
Total comprehensive income/ (loss) attributable to :						
Owners of the Company	79,341	(95,778)	nm	139,894	(40,573)	nm
Non-controlling interests	<u>14,240</u>	<u>(2,044)</u>	nm	<u>29,116</u>	<u>3,298</u>	783%
	<u>93,581</u>	<u>(97,822)</u>	nm	<u>169,010</u>	<u>(37,275)</u>	nm
Earnings per share attributable to owners of the Company						
Basic (sen)	3.27	1.74		7.65	3.34	

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 September 2021 would have been higher as compared with the corresponding periods last year if not for the revision of the Indonesia Export Levy and Duty on CPO. The impact is tabulated below:-

	Quarter Ended			Year-To-Date Ended		
	30.09.2021 RM'000	30.09.2020 RM'000	Variance RM'000	30.09.2021 RM'000	30.09.2020 RM'000	Variance RM'000
Indonesia Export Levy and Duty on CPO	59,714	8,660	51,054	184,568	28,197	156,371

Condensed Consolidated Statement of Financial Position
As at 30 September 2021

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,626,737	1,300,073
Biological assets	409,942	407,746
Right-of-use assets	292,705	391,482
Intangible assets	51,756	49,113
Investment in an associate	81,076	84,097
Investments in joint ventures	86,675	73,571
Deferred tax assets	3,797	2,138
Other receivables	74,580	40,438
Investment securities	50	50
	<u>2,627,318</u>	<u>2,348,708</u>
Current assets		
Biological assets	16,264	9,251
Inventories	142,324	113,628
Trade and other receivables	63,691	60,433
Other current assets	2,558	6,050
Tax recoverable	4,472	5,018
Investment securities	6	5
Derivative assets	510	208
Short term funds	9,761	15,302
Cash and bank balances	176,755	147,832
	<u>416,341</u>	<u>357,727</u>
Assets held for sale	153,766	465,342
	<u>570,107</u>	<u>823,069</u>
TOTAL ASSETS	<u><u>3,197,425</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	(203,539)	(237,857)
Retained earnings	1,037,117	952,244
	<u>1,572,623</u>	<u>1,453,432</u>
Non-controlling interests	173,467	144,351
TOTAL EQUITY	<u>1,746,090</u>	<u>1,597,783</u>
Non-current liabilities		
Loans and Borrowings	554,652	618,984
Retirement benefits	28,060	16,427
Lease liabilities	4,346	4,079
Deferred tax liabilities	130,108	129,149
	<u>717,166</u>	<u>768,639</u>
Current liabilities		
Loans and Borrowings	562,505	690,211
Trade and other payables	132,756	77,734
Derivative liabilities	11,149	3,361
Lease liabilities	334	841
Current tax payable	27,425	8,812
	<u>734,169</u>	<u>780,959</u>
Liabilities of disposal group held for sale	-	24,396
	<u>734,169</u>	<u>805,355</u>
TOTAL LIABILITIES	<u>1,451,335</u>	<u>1,573,994</u>
TOTAL EQUITY AND LIABILITIES	<u><u>3,197,425</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 September 2021

	←———→ Attributable to owners of the Company ←———→								
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserves RM'000	Non-distributable			Distributable		Equity Total 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	-	-	-	-	-	105,576	105,576	22,846	128,422
Other comprehensive income									
Foreign currency translations	-	-	-	-	34,318	-	34,318	3,713	38,031
Transactions with non-controlling interests	-	-	-	-	-	-	-	2,557	2,557
Other comprehensive income for the period, net of tax	-	-	-	-	34,318	-	34,318	6,270	40,588
Total comprehensive income for the period	-	-	-	-	34,318	105,576	139,894	29,116	169,010
Dividends paid	-	-	-	-	-	(20,703)	(20,703)	-	(20,703)
Balance as at 30 September 2021	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>(213,269)</u>	<u>1,037,117</u>	<u>1,572,623</u>	<u>173,467</u>	<u>1,746,090</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	-	-	-	-	-	46,140	46,140	10,145	56,285
Other comprehensive loss									
Foreign currency translations	-	-	-	-	(86,713)	-	(86,713)	(6,847)	(93,560)
Other comprehensive loss for the period, net of tax	-	-	-	-	(86,713)	-	(86,713)	(6,847)	(93,560)
Total comprehensive (loss)/ income 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>

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 September 2021

	Year-To-Date Ended	
	30.09.2021 RM'000	30.09.2020 RM'000
Cash Flows from Operating Activities		
Profit before taxation	169,381	81,839
Adjustments for :-		
Depreciation and amortisation	83,641	80,120
Fair value loss/(gain) on commodity futures contract	6,697	(3,341)
Net unrealised foreign exchange loss	13,676	8,090
Gain on disposal of property, plant and equipment	(322)	(285)
Write back of impairment on trade and other receivables	(4,371)	(3,785)
Property, plant and equipment written off	967	2,033
Inventories written down	10,577	1,540
Inventories written off	1,301	11,352
Fair value gain on investment securities	(2)	-
Loss on disposal of a subsidiary	514	-
Gain from fair value adjustment of fresh fruit bunches (FFB)	(3,359)	(4,319)
Share of profit of joint ventures	(13,103)	(13,793)
Share of profit of an associate	(11,687)	(6,176)
Interest expense	32,632	37,521
Interest income	(6,565)	(10,275)
Operating cash flows before working capital changes	279,977	180,521
Changes in working capital		
(Increase) /decrease in inventories	(26,806)	13,506
Increase in receivables	(1,190)	(11,780)
Increase / (decrease) in payables	47,352	(3,574)
Cash flows from operations	299,333	178,673
Income tax paid	(17,627)	(9,899)
Net cash flows from operating activities	281,706	168,774
Cash Flows from Investing Activities		
Addition of right of use assets	(716)	(1,973)
Withdrawals of deposits with maturity of over 3 months	2,145	-
Withdrawal of pledged deposits	-	1,171
Purchase of property, plant and equipment	(28,113)	(39,498)
Forest planting expenditure	(2,916)	(3,026)
Proceeds from disposal of property, plant and equipment	787	327
Interest received	6,565	10,275
Dividends received	14,708	27,101
Net cash used in investing activities	(7,540)	(5,623)
Cash Flows from Financing Activities		
Net repayments of term loans/medium term notes	(229,595)	(85,339)
Net drawdowns in other borrowings	20,531	8,296
Payments of lease liabilities and lease interest	(821)	(800)
Interest paid	(32,467)	(37,344)
Dividends paid	(20,703)	(13,802)
Net cash used in financing activities	(263,055)	(128,989)
Net increase in cash and cash equivalents	11,111	34,162
Cash and cash equivalents at beginning of period	168,104	116,956
Effect of exchange rate changes	2,922	(3,289)
Cash and cash equivalents at end of period	182,137	147,829

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EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 statements 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
- Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 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 were no unusual items affecting assets, liabilities, equity, net income and cash flows for the financial period ended 30 September 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

During the nine month period ended 30 September 2021, the Group repurchased and redeemed Sukuk Ijarah Medium Term Notes at nominal value of RM185 million and RM35 million, respectively. The Group also issued new Sukuk Murabahah Commercial Papers at nominal value of RM50 million. In addition, the Group redeemed Sukuk Murabahah Medium Term Notes at nominal value of RM60 million which was reissued subsequently during the quarter ended 30 September 2021.

Apart from the above, there were no other new issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

7. Dividends paid

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

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8. Segmental information

i) Business segments

Business Segment For Quarter Ended

	Palm Product		Others		Total	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
SEGMENT REVENUE	286,815	188,280	22,259	28,680	309,074	216,960
SEGMENT PROFIT/ (LOSS)	71,712	31,556	(490)	35	71,222	31,591
Unallocated corporate expenses					(5,321)	(2,485)
(Loss)/ Gain on foreign exchange					(2,564)	8,703
Finance costs					(11,532)	(11,149)
Share of profit of an associate					5,305	2,276
Share of profit of joint ventures					8,579	3,456
Consolidated profit before tax					65,689	32,392

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8. Segmental information (continued)

i) Business segments (cont'd)

Business Segment For Year-To-Date Ended

	Palm Product		Others		Total	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SEGMENT REVENUE	796,552	592,097	64,017	92,817	860,569	684,914
SEGMENT PROFIT/ (LOSS)	208,631	106,769	(1,363)	14,378	207,268	121,147
Unallocated corporate expenses					(15,079)	(10,948)
Loss on foreign exchange					(14,966)	(10,808)
Finance costs					(32,632)	(37,521)
Share of profit of an associate					11,687	6,176
Share of profit of joint ventures					13,103	13,793
Consolidated profit before tax					169,381	81,839

Business Segment For Year-To-Date Ended

	Palm Product		Others		Consolidated	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SEGMENTS ASSETS	2,189,223	2,141,272	709,919	717,452	2,899,142	2,858,724
Investments in joint ventures					86,675	67,204
Investments in an associate					81,076	84,567
Deferred tax assets					3,797	12,686
Tax recoverable					4,472	4,890
Unallocated assets					122,263	114,099
Consolidated total assets					3,197,425	3,142,170
SEGMENT LIABILITIES	161,716	79,819	27,224	35,863	188,940	115,682
Borrowings					1,117,157	1,359,024
Lease Liabilities					4,680	5,205
Deferred tax liabilities					130,108	129,802
Unallocated liabilities					10,450	8,816
Consolidated total liabilities					1,451,335	1,618,529

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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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	110,700	96,004	335,723	275,998	1,088,780	1,232,381
Indonesia	182,069	102,992	485,361	345,416	1,460,106	1,070,330
Europe	702	2,611	3,278	3,808	0	0
United States of America	9,649	10,061	17,323	45,896	0	1
Others	5,954	5,292	18,884	13,796	5	5
Total	309,074	216,960	860,569	684,914	2,548,891	2,302,717

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

Apart from the above, there were no other significant changes in the composition of the Group for the nine months ended 30 September 2021 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 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 USD 141.093 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.

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11. Capital commitments

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

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Approved and contracted for	27,101	20,336
Approved but not contracted for	31,819	45,819
	58,920	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 September 2021 RM'000
Sales of crude palm oil	256,593
Sales of palm kernel	39,809

14. Subsequent event

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

On 4 November, 2021, the Company disposed its entire 65% shareholding in PT Kalimantan Industrial Park Indonesia to PT Kawasan Industri Kalimantan Astri for a total consideration of IDR 1.625 billion (or equivalent to RM472,874).

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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 September 2021 (“Q3 2021”) surged 188% to RM68.3 million compared with RM23.7 million for Q3 2020 despite the impact of the Indonesia Export Levy and Duty of RM59.7 million for Q3 2021 against RM8.7 million for Q3 2020. Core profit for the nine months ended 30 September 2021 (“9M 2021”) increased by 99% to RM184.3 million against RM92.6 million for 9M 2020. This is notwithstanding the impact of the Indonesia Export Levy and Duty of RM184.6 million for 9M 2021 compared with RM28.2 million for 9M 2020.

The Group’s revenue for Q3 2021 and 9M 2021 were RM309.1 million and RM860.6 million respectively, compared with RM217.0 million and RM684.9 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		
	30.09.2021 RM’000	30.09.2020 RM’000	Variance RM’000	30.09.2021 RM’000	30.09.2020 RM’000	Variance RM’000
Palm Products	286,815	188,280	98,535	796,552	592,097	204,455
Others	22,259	28,680	(6,421)	64,017	92,817	(28,800)
Total	309,074	216,960	92,114	860,569	684,914	175,655

As shown above, the higher revenue for Q3 2021 and 9M 2021 were due to the significant increase in revenue contribution from the Palm Products segment despite impacted by the increase in Indonesia Export Levy and Duty as shown below.

	Quarter Ended			Year-To-Date Ended		
	30.09.2021 RM’000	30.09.2020 RM’000	Variance RM’000	30.09.2021 RM’000	30.09.2020 RM’000	Variance RM’000
Indonesia Export Levy and Duty	59,714	8,660	51,054	184,568	28,197	156,371

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 revenue of RM286.8 million and RM796.6 million for Q3 2021 and 9M 2021 respectively, compared with RM188.3 million and RM592.1 million for the corresponding periods last year. This is mainly due to higher average CPO and PK prices.

Average CPO prices for Q3 2021 and 9M 2021 were RM3,586 per MT and RM3,357 per MT respectively, compared with RM2,355 per MT and RM2,352 per MT for the corresponding periods last year. As for FFB production, the Group achieved satisfactory production increases to 239,223 MT and 722,561 MT in Q3 2021 and 9M 2021 respectively compared with 224,357 MT and 651,167 MT for the corresponding periods last year.

Despite the additional Indonesia Export Levy and Duty on CPO of RM59.7 million and RM184.6 million for Q3 2021 and 9M 2021, the segment profit for Q3 2021 and 9M 2021 were also significantly higher at RM71.7 million and RM208.6 million respectively compared with RM31.6 million and RM106.8 million for the corresponding periods last year.

1.2 Others Segment

This segment reported lower revenue of RM22.3 million and RM64.0 million for Q3 2021 and 9M 2021 respectively, compared with RM28.7 million and RM92.8 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 Q3 2021 and 9M 2021 of RM0.5 million and RM1.4 million respectively compared with segment profit of RM0.04 million and RM14.4 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

Revenue	Q3 2021 RM'000	Q2 2021 RM'000	Variance RM'000
Palm Products	286,815	289,649	(2,834)
Others	22,259	17,765	4,494
Total	309,074	307,414	1,660

The Group's revenue for Q3 2021 of RM309.1 million is higher compared with Q2 2021 of RM307.4 million. This is mainly attributable to higher sales in Wood and Cocoa divisions.

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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)

Higher core profit before taxation of RM68.3 million was registered for Q3 2021 compared with RM65.2 million for Q2 2021 due to higher average CPO selling price but partially offset by unrealised loss of RM16.1 million arising from changes in fair value on outstanding CPO derivative contracts.

The higher core profit before taxation is also attributable to higher share of profit contributions from joint ventures and associate. Accordingly, the profit before taxation for Q3 2021 of RM65.7 million was higher compared with RM64.7 million in Q2 2021 despite higher foreign exchange losses.

3. Commentary on the prospects

For nine months ended 2021, 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. 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. Restrained hectareage growth in oil palm planting over the last few years due to RSPO regulations and Indonesian Government's moratorium on deforestation will have an impact over the global palm oil supply. 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 93% 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 30.09.2021 <u>RM'000</u>	Year-To- Date Ended 30.09.2021 <u>RM'000</u>
Interest income	(2,195)	(6,565)
Interest expense	11,532	32,632
Rental income	(284)	(824)
Depreciation and amortization	27,232	83,641
Fair value loss on derivatives		
- Forward currency contracts	213	-
- Commodity futures contracts	16,103	6,697
Loss/ (gain) from fair value adjustment of FFB	690	(3,359)
Inventories written down	7,107	10,577
Loss on commodity futures contracts	6,058	24,935
Net foreign exchange loss		
- Realised	250	1,290
- Unrealised	2,101	13,676
Property, plant and equipment written off	74	967
Write back of impairment on trade and other receivables	(485)	(4,371)

6. Taxation

	Quarter Ended 30.09.2021 <u>RM'000</u>	Year-To-Date Ended 30.09.2021 <u>RM'000</u>
Current tax:		
Malaysian income tax	1,939	6,482
Foreign tax	14,942	34,798
Under provision in prior years:		
Malaysia income tax	1	2
Deferred tax:		
Relating to reversal of temporary differences	(4,968)	(323)
	<u>11,914</u>	<u>40,959</u>

The effective tax rate of the Group for the year-to-date ended 30 September 2021 is higher than the statutory tax 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

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.

Apart from the above, there was no other corporate proposal announced and not completed at the date of this quarterly report.

8. Group Borrowings and Debt Securities

Comprised:

	As at 30.09.2021					
	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	18,213	10,200	273,319	14,912	291,532	25,112
Unsecured	135,031	399,061	16,486	249,935	151,517	648,996
Total	153,244	409,261	289,805	264,847	443,049	674,108

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 September 2021, 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	19,138	495	-	Less than 1 year
Commodity futures contracts	74,739	15	(11,149)	Less than 1 year
	93,877	510	(11,149)	

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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 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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Net profit attributable to shareholder (RM'000)	45,078	24,068	105,576	46,140
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)	3.27	1.74	7.65	3.34

(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 23 November 2021.